FINANCIAL TIMES

No. 26,674 Friday May 23 1975
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NEWS SUMMARY

GENERAL

Pensions to rise nearly 15%

Old-age pensions will rise by nearly 15 per cent. from the week beginning November 17. A single person's pension will go up from £11.60 a week to £13.30 and the increase for a married couple will be from £18.50 to £21.20.

Unemployment and sickness benefits will be increased from £9.80 to £11.10 for a single person and from £15.90 to £18 for a married couple. Maternity allowance and injury benefit will go up by the same amount.

The standard National Insurance widow's pension will go up from £11.60 to £13.30 with proportionate increases for younger widows and those drawing reduced rate pensions. The 100 per cent. disablement rate will be increased from £19 to £21.80. Back Page. Editorial Comment, Page 20

Curb on foreign doctors

Doctors trained in India will not in future be eligible for full registration in Britain. The General Medical Council said yesterday that Indian doctors qualifying after to-day will now be given only temporary registration in the U.K.

To get this temporary registration, doctors will have to pass linguistic and competence tests which will be introduced for all foreign medical graduates next month. Doctors trained in India will also be prevented from going into private practice.

ITV strike split

Some television technicians rebelled yesterday against their union's decision to black out ITV programmes by strike action this week-end. Some companies may be able to broadcast as a result. Page 10

Lisbon protests

Thousands of Portuguese demonstrated in the streets of Lisbon and Oporto yesterday in support of Socialist leader Mario Soares, who accused Left-wing military rulers of promoting a Communist dictatorship, and threatened to withdraw his party from the government. Page 6

Kidnap hunt

The air, land and sea search continued yesterday for four students and the 40 armed men who seized them earlier this week from an isolated jungle camp in the Lake Tanganyika region of Tanzania.

Two American girls, a Dutch girl and an American youth were kidnapped at the Gombe Game Research Centre, where British anthropologist Jane Goodall carried out research into the habits of chimpanzees.

Nato clash

The U.S. and Western Europe clashed sharply in Brussels yesterday over the question of a possible link between Spain and Nato. The majority of West European countries came down firmly against any form of alliance, though there was tentative support from West Germany. Page 6

Flask killing

Mr. Gerald D'eath, a 35-year-old married man, was killed in a booby trap explosion on a building site in Belfast yesterday. The device was hidden in a vacuum flask which exploded when he tried to unscrew the top. Earlier a Catholic and a Protestant were seriously injured in separate shooting incidents in the city.

Shelepin goes

Mr. Alexander Shelepin yesterday lost his post as head of the Soviet trade union organisation, in a development widely expected after his removal from the Communist Party's ruling Politburo last month. Page 6

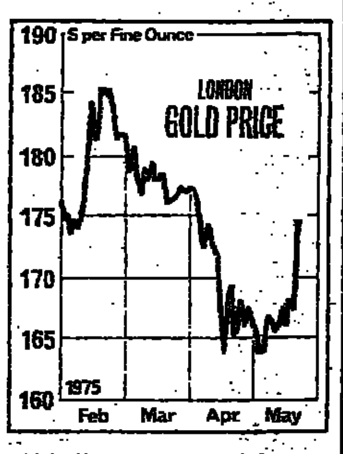
BUSINESS

Golds rise 16.7 to peak of 442.3

● **EQUITIES** closed slightly easier on balance. The FT 30-share index was 1.8 lower at 349.7 after rising to 352.6. Gold shares again moved ahead and although some prices were below the best at the close, the Gold Mines index added 16.7 to a record "high" of 442.3.

● **GILTS** were mixed, with falls in active shorts ranging to 1/16, while some mediums rose by ⅛ to ¼.

● **INVESTMENT DOLLAR** premium gained 3 at 106¼ per cent.



● **GOLD** was $4 higher at $174½ an ounce.

● **STERLING'S** weighted depreciation narrowed to 24.6 per cent. (24.9) and it gained another 120 points against the dollar at $2.3289.

● **WALL STREET** moved 6.23 higher to 818.91.

Details of CBI wages plan

● **CBI** urged the Government to take the lead in presenting a new pay policy to guard against mass *unemployment and a collapse in foreign confidence.* Page 9

● **FRENCH** (Construction), the large motorway contractor, is to receive up to £14m. in grants and loans from the Government to ward off insolvency Back Page and Lex

● **MASERATI**, the Italian luxury car company, is to go into voluntary liquidation after losses which exceeded its entire share capital last year. Page 36

● **THE GOVERNMENT** has decided not to impose an immediate import duty on Japanese cars.

● **CONTROVERSIAL** clause in the Policyholders Protection Bill, enabling the ptroposed Board to provide funds to rescue insurance companies in difficulties is to be dropped by the Government. Back Page

● **TRADING PROFITS** of the 216 industrial concerns covered by the latest Financial Times survey of company profits and balance sheets rose by only 9.7 per cent. compared with a 20.5 per cent. rise in the previous survey. Page 17

Power pay deal

● **ELECTRICITY SUPPLY** manual workers voted overwhelmingly in favour of a 31 per cent. pay offer which becomes effective from March 17. Page 10

● **NYPRO U.K.** announced that the Flixborough chemical plant is to be rebuilt at a cost of around £30m. Page 8

● **TOWN AND CITY** Properties is to receive a £25m. cash injection from Barclays Bank and the Prudential Assurance. Back Page and Lex

● **TRAFALGAR HOUSE** profits in the half-year to March 31, rose to £9.81m. (£9.02m.) Page 32 and Lex

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

RISES		
Cameron (J. W.)	100	+ 14
Carron	73	+ 8
Cussons	76	+ 12
ERF	45	+ 7
ICI	281	+ 7
Leisure Caravans	69	+ 4
Liden	16	+ 3
Midland-Yorks.	425	+ 25
Sealed Motor	47½	+ 4
Stag Furniture	74	+ 4
Waite and Son	65	+ 11
British Borneo	168	+ 8
Siebens Oil and Gas (U.K)	855	+ 75
Deelkraal	110*	+ 20
Marievale	509	+ 40
Palabora	915	+ 35
Pancontinental	405	+ 50
President Brand	£281	+ 1½
Silvermines	76	+ 10
Union Corp.	553	+ 18
Utah Mining Aust.	750	+ 50

FALLS		
Assocd. Fisheries	33	− 8
BICC	122	− 4
Boots	260	− 5
Bowater	156	− 4
DRG	120	− 5
Fitzwilton	70	− 5
Hngkng. & Shng. Bk.	239	− 11
Lyons (J.) "A"	160	− 6
MEPC	164	− 6
Paterson Zochonis	380	− 40
Racal Elec.	267	− 7
Reed Intl.	270	− 5
Stenhouse	74	− 8
Sun Alliance	430xa	− 16
Tarmac	138	− 5
Tate & Lyle	257	− 5
Taylor Woodrow	304	− 6
Warren (James)	100	− 6
Weyburn Eng'g	196	− 14

* Premium

(FT stock indices and FT-Actuaries summary Page 45.)

Sharp upward trend in unemployment

BY SAMUEL BRITTAN

A SHARP upward turn in the unemployment trend has been shown by the official figures for mid-May and there has also been a sharp drop in the number of unfilled vacancies.

Total U.K. unemployed amounted to 850,346, or 3.7 per cent. of all employees. This represented a fall of 89,521 since April. But the fall was more than accounted for by the disappearance of 94,842 students from the register, with the end of the university vacation, and a drop of 6,004 in the number of unemployed school leavers.

The unemployment total is the highest May total since 1972.

The number of unemployed, excluding students and school leavers, amounted to 834,509 for the U.K. and 798,809 for Great Britain.

On a seasonally adjusted basis the number of unemployed in Great Britain was 816,700, or 3.6 per cent.

This represents an increase of 56,800, the largest monthly jump in the present recession.

In addition, the estimate of the number on short time rose to 250,000, an increase of 25,000 compared with April.

Of these, more than 90,000 were "temporarily stopped." Short-time working reflects, however, industrial stoppages as well as the general recession.

About 95,000 of those on short-time in mid-May were in the Midlands, a region especially hit by motor industry strikes.

In the period since last November unemployment has been increasing at an underlying rate of 100,000 a quarter.

If it continues at this rate the unadjusted U.K. total is likely to pass a million by October, rather earlier than indicated in the Budget speech.

The unemployment total includes over 175,000 out of work for four weeks or less.

There are also known to be over 50,000 occupational pensioners included in the figures; and an official survey has suggested that there are well over 100,000, in addition to these categories, regarded by local employment offices as both "somewhat unenthusiastic" and "difficult to place."

Vacancies

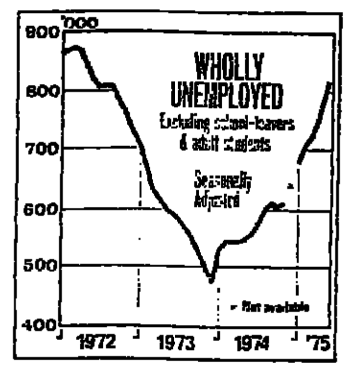
A more significant indicator is probably the number of unfilled vacancies notified to Employment Officers.

These fell for the U.K. as a whole by 9,551 in May to reach 167,265. On a seasonally adjusted basis the number of adult unfilled vacancies in Great Britain fell by 17,700.

In the six months since November the adjusted total of vacancies has fallen by nearly half. This is a larger movement than it looks as many vacancies remain unreported, especially in times of prosperity.

At 156,000, the number of adjusted vacancies is not far above rock-bottom level.

Political pressures, together with the cost of redundancy compensation, may have discouraged employers from dismissing workers. But they have also discouraged recruitment.



The economy is now entering a stage where even officials and economists who are sceptical of the popular interpretation of the unemployment figures would agree that the overall demand for labour is beginning to fall short of supply and demand deficiency is about to develop.

But a general demand stimulus is out of the question while inflation is still accelerating. Indeed, the main question under discussion in official circles is whether the downturn in the demand for labour is already affecting wages or not. One school of thought takes comfort from the fact that earnings are rising less rapidly than a few months ago and looks forward to a further reduction in the pace of wage inflation in the autumn.

But the predominant mood, especially among those concerned with the management of sterling, is one of concern at the continued high level of negotiated settlements.

There are fears that this could even accelerate further without major policy moves. These anxieties explain the flurry of activity on the incomes policy front.

Although Ministers and officials are still open-minded about mechanisms and formulae, the effect they want to achieve is that of an indexed freeze.

In the policy argument behind the scenes, scepticism about market forces, continued belief in the efficacy of incomes policy and a reluctance to allow exchange rates and interest rates to reflect the British inflation rate tend to go together.

Argument

The argument about market forces versus intervention cuts across normal left-right distinctions. Some of the most draconian interventionist advice is coming from the most orthodox and conventional financial quarters.

The one direct measure which the Government is planning to deal with unemployment is the Temporary Employment Subsidy foreshadowed in the Budget speech.

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Chrysler calls talks to-day as strikers vote to stay out

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

CHRYSLER STRIKERS were offered negotiations immediately after they had voted to continue their pay dispute at a mass meeting in Coventry yesterday.

Without mentioning money, the company said it had invited negotiating committees at all plants from Luton to Scotland to talks to-day on an individual plant basis.

Included in the invitation is the Stoke, Coventry, plant where the two-week strike by all 4,000 engine and transmission workers has made some 8,000 other Chrysler workers idle and threatens the jobs of hundreds of others among the company's 27,000 employees.

Chrysler had previously promised to make a pay offer to the strikers to-day if they had returned to work.

At their mass meeting yesterday, despite the engineering union's instruction to its members to resume, the strikers voted just as solidly to remain out over the holidays and will not be meeting again until June 5 unless there is an over-riding reason for doing so.

Further pressure for them to return came last night from TUC general secretary, Mr. Len Murray, who said in a BBC television interview that they should listen to their unions, return to work and negotiate.

After the meeting, the strike leaders travelled to London where they lobbied their MPs in what they described as the first step in a bid to get the Prime Minister to retract recent remarks about "politico industrial ambition."

The decision to call together all the negotiating committees strongly suggests that, either they are to be told the company cannot pay even the £8 of the £15 being asked for at Stoke—it is losing at the rate of nearly £18m. a year—or the company is trying to remove the pace-setting role from the Stoke negotiators by simultaneous talks at all plants.

Mr. Bob Morris, the strike leader, was one of the leading union stewards who persuaded the Stoke workers some four years ago to accept management proposals for a form of measured day work. The workers now complain that this has left them near the bottom of the Coventry car pay league.

Mr. Morris has assumed the mantle of spokesman for the strikers and appears as a militant, although a senior skilled worker said "We thought him to be soft, rather a gaffer's man."

His attitude seems all the more curious since Mr. Eddie McCluskey—like Mr. Morris, a Transport and General Workers' Union shop stewards' convener—seems more suited for the banner-carrying role in Mr. Harold Wilson's terms of "politico-industrial ambition." Mr. McCluskey is a member of the Communist Party executive committee.

Then again, the Trotskyist International Socialists have had considerable success in becoming employees at the Stoke plant—and at the nearby Ryton plant, making Avengers. They regularly publish the Ryton Bulletin and the Stoke Bulletin, both duplicated sheets.

As part of the internal politicking aimed at shutting out the far Left, the Stoke negotiating committee has been reduced from 18 to four. Nevertheless, the far Left has kept up the pressure in other ways and some of those who know Mr. Morris well, believe his metamorphosis springs from this.

He has nailed himself to the £8 a week promise by management as a condition for returning, whereas many strikers would accept a reasonable offer that would enable them to negotiate towards the £15 goal.

In its present financial plight, the company clearly is in no position to offer £8 extra a week, and presumably will be able to offer less and less the longer the strike continues.

What will emerge from to-day's negotiations may be less about money and more about the company's proposals for employee participation and profit-sharing—providing there is freedom from industrial action. The company is unlikely to miss the chance of again parading its penury.

Meanwhile in the Commons yesterday, Mr. Brian Sedgemore, Labour MP for Luton West, said *it was insulting that assurances received by the Prime Minister* from Chrysler in America had not been passed on to workers in this country.

Information about the company's future, obtained by Mr. Wilson in his discussions with President Ford and senior Chrysler executives earlier this year should have been relayed to workers, he said.

Car workers had been vilified by industrialists and some "manic depressive" Conservative MPs, but they were concerned about the plans of foreign owners and shareholders for their future.

ICI first quarter profit falls

BY RAY DAFTER

THE PRE-TAX profit of ICI, which fell by one-third to £80m. in the first quarter, reflects the continuing slide in world-wide demand for chemicals. With little sign of recovery, there is now doubt that the group will be able to stick to its investment sanctioning programme of £415m. this year.

The falling demand for chemicals has so far continued into the second quarter, said ICI yesterday. The group would consequently review its capital sanctioning plans.

It seemed an "inevitable" consequence of trading conditions that operating divisions might delay presenting some schemes to the ICI Board for approval.

ICI stressed that it was still its intention to continue its policy of counter-cyclical investment wherever possible in order to have sufficient capacity to take advantage of the busy periods. It would still spend the equivalent of £1m. a day on new plant this year.

ICI said that on average its plants were operating at about 70 to 80 per cent. of capacity, although its textiles and plastics businesses had been badly hit by the recession. Compared with the first quarter last year, the volume of home sales has fallen by about 10 per cent. on average, while overseas sales have fallen by at least 15 per cent.

The trading figures published yesterday show that the £80m. pre-tax profit in the first quarter compares with £82m. in the fourth quarter last year and £122m. in the corresponding first three months of 1974. The Market however, having seen a fall in fourth quarter profits last year, had been anticipating a somewhat sharper drop. Even so ICI pointso ut that if adjustments are made for inflation, the latest profit figure would be whittled to £30m.

Group sales rose to £748m. as against £746m. in the last quarter of 1974 and £661m. in the first quarter of last year.

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Germany cuts two key interest rates

BY NICHOLAS COLCHESTER

BONN, May 22.

THE WEST GERMAN economy will show no real growth for 1975, according to Dr. Otmar Emminger, the Bundesbank's vice-president. Faced with this outlook, the central bank council to-day decided to lower both the discount and the Lombard rates by ½ per cent. to 4½ per cent. and 5½ per cent. respectively.

The new rates become effective to-morrow and once again give West Germany the lowest discount rate in the industrialised world, on a par with that of Switzerland.

From the beginning of June the Bundesbank's minimum *reserve requirement will be cut* by 5 per cent., freeing DM2.2bn. (£400m.) of bank reserves. An additional DM400m. of liquidity will be made available through the Bundesbank's special foreign trade financing facility—"Privatdiskont-AG."

Reaction

These moves are the Bundesbank's reaction to a wave of public disappointment that has swept through West German industry and Government circles recently. Undermined by an unexpectedly sharp fall in export orders, the German economy is reacting only sluggishly to measures which both the Central Bank and the Government have taken in recent months to get business moving again.

So far, according to Dr. Emminger, the real German GNP is running at 3 per cent. below the level of last year. To emulate 1974's total in real terms the economy will have to show a distinct pick-up in the second half.

Dr. Emminger explained that the main aim of to-day's measures was to stimulate demand for credit by depressing interest rates still further. He admitted that with industry as pessimistic as it was at the moment, interest rates were probably not the main factor governing private sector borrowing, but he said a fall in rates should help.

So far this year the German *overnight money market rate* has fallen from 8.4 per cent. to 4.7 per cent. The fall in bank lending rates has been less emphatic and Herr Karl Klasen, the Bundesbank president, made it clear that these are the rates the bank most wants to force down.

At the end of last year, when the Government was still talking of a 3 per cent. real growth in the economy in 1975, the Bundesbank said that as a matter of anti-inflationary policy it would not let the "monetary base" expand at an annual rate of more than 8 per cent.

WEST GERMAN DISCOUNT AND LOMBARD RATES

Applicable from		Discount Rate % per year	Lombard Rate % per year
1972	Feb. 25	3	4
	Oct. 9	3.5	5
	Nov. 3	4	6
	Dec. 1	4.5	6.5
1973	Jan. 12	5	7
	May 4	6	8
	June 1	7	9
1974	Oct. 25	6.5	8.5
	Dec. 20	6	8
1975	Feb. 7	5.5	7.5
	March 7	5	6.5
	April 25		6
	May 23	4.5	5.5

Over the last six months the base has expanded at about this rate, but in the last three months the rate has been much slower—around 4.6 per cent. This slowdown has not been due to central bank tight-fistedness, but due to unwillingness to borrow in all sectors of the economy.

Herr Friderichs, the Economics Minister, is clearly apprehensive lest the Bundesbank creates too much monetary slack in the economy and loses sight of its objectives in the event of a sudden economic revival.

He described to-day's decision as "an act of courage."

Support for $

Michael Blanden writes: Widespread official intervention was required to support the dollar against strong pressures in active foreign exchange markets.

One report suggested the Bank of France had spent up to some $100m. in support. Intervention was also reported in New York (estimated by one source at some $40m.). West Germany and the Netherlands as the dollar dropped against leading currencies.

The pressure on the dollar was also *associated with a further* sharp rise in the gold price, which has been relatively depressed in recent months. The price ended $4 higher in London at $174½ an ounce, following a jump of $3¼ on the previous day.

£ in New York

—	May 22	Previous
Spot	$2.3270-3250	$2.3210-3230
1 month	0.93-0.88 dis	1.07-1.02 dis
3 months	2.92-2.87 dis	3.21-3.16 dis
12 months	11.60-11.50 dis	12.15-12.00 dis

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LOMBARD

Nearer to next crunch on gold

BY C. GORDON TETHER

ONE THING that emerges from the extremely interesting updating of the international monetary reform scenario that Mr. Johannes Witteveen, managing director of the International Monetary Fund, provided in an address in Washington last week is that we may be much nearer to the next crunch on the "role of gold" issue than has been generally supposed.

The other is that there would be a far better chance of working through to the right solution if all attempts to find it did not have to start from the U.S.-oriented—but manifestly outdated—proposition that it is in the best interests of the world as a whole to phase the metal out of the monetary system.

There is a widespread belief that the gold issue was effectively put on the shelf for a further long spell by the agreement concluded earlier this year between President Ford and President Giscard d'Estaing in his role of plenipotentiary for the Common Market countries. It provided, it will be recalled, for a resumption of gold traffic between central banks on the condition that no attempt was made to stabilise the open market price until the beginning of 1977.

In his latest peroration, however, Mr. Witteveen pointed to the serious difficulties that the uncertainties surrounding the official use of gold were throwing up and went on to assert that the metal's future was one of the most important issues on which agreement had to be reached at next month's meeting of the interim standing committee on monetary reform.

The purpose

As to that, the view he expressed was that, as there was agreement that the ultimate purpose was to phase gold out of the international monetary system, it should be possible to dispose of the many obstacles standing in the way—considerable though they were—and "put the devisive issue of gold behind us." And, it is, of course, conceivable that the widespread anxiety to get a working arrangement that will enable official gold traffic to start moving again may produce some sort of interim compromise.

What I do not readily see is any agreement emerging from talks conducted under present conditions within the limits proposed by Mr. Witteveen producing an agreement which would have the effect of "putting the devisive issue of gold behind us." It would, I would have thought, made a great deal more sense if the next attempt to resolve the gold question "once and for all" started by asking whether it is now in the interests of the world as a whole—if, indeed, it ever was—to treat the demonetisation of the metal as a priority requirement for international monetary reform.

After all, we are in the midst of the greatest international monetary crisis in the world's history—one stemming from the world-wide collapse of confidence in paper currencies in general and the dollar in particular.

As the only form of money that still commands respect throughout the world, gold is one of the few things to which we can turn for help in extricating ourselves from the morass.

Barbarism

The time may come when alternative methods of meeting the world's needs for international liquidity will have been carried to such an advanced stage that it will be possible to talk realistically of dispensing with the aid of gold. But, currently we are further from that promised land than ever we were. And, if the use of gold is barbaric, we need it all the same because it can help us combat the ravages of a much more serious form of barbarism—that arising from the debasement of the paper money introduced over the years to take gold's place.

Mr. Witteveen pointed to the real obstacle to reaching a settlement on the gold question that would serve the best interests of the world as a whole when, having observed that it is a subject that generates strong emotions and on which rational discussion is sometimes obscured by sentiment and ideology, he went on to add that there were also "substantial financial interests involved."

There can, indeed, be little doubt that gold's capacity to keep the world's monetary system operating on a sound basis would not have been impaired in recent years to the extent it has been had it not been for the fact that Washington has seen the metal as the one remaining barrier to the triumph of dollar imperialism. In consequence, it has bent all its endeavours to getting it removed from the scene It is high time that they recognised that they have a duty to humanity to break out of this mental straitjacket.

RACING — BY DOMINIC WIGAN

It can be Jolly Good to-day

BRUCE HOBBS, whose Newmarket stable is in fine form, has generally had a profitable time with runners he has sent to Haydock and I am hoping that *Jolly Good* can add to his record on the Lancashire track by landing the afternoon's most valuable race, the John Davies Handicap (3.15).

Jolly Good, a half-brother by Jolly Jet to three winners in the United States, has improved considerably since last season when he failed to win in four attempts. If successful here, he will be completing a hat-trick.

His first outing this season came in the normally highly competitive White Rose Stakes at Ascot just over three weeks ago. There, Geoff Lewis' mount, facing a surprisingly weak field for a race with a first prize of nearly £4,000, found no difficulty in making all his own running to defeat Battle Cry by four lengths, with the remainder of the 13-runner field well strung out.

Half-an-hour later Marshall and his jockey son Richard will be hoping to complete a double through Cricket Bat in the St. Helens Maiden Plate (2.45). Mrs. Lusty's two-year-old filly may go close, but I doubt her troubling *Nagwa* from Barry Hills' Lambourn establishment.

Nagwa did well to take fourth place behind Get Ready in the Wilbreham Plate at Newmarket's Guineas meeting and she has since improved on that display, when running Everything Nice to one and a-half lengths in the Zetland Maiden Stakes at York on May 13.

Even if Major Dick Hern, the popular West Ilsley trainer, fails to land the John Davies Handicap with Zimbalon, he should have at least one winner, for Lady Beaverbrook's *Baronet* cannot be opposed in the Willows Plate (3.45) after his facile victory over King's Royale and 14 others at Lingfield a fortnight ago.

HAYDOCK

2.15—Tasane
2.45—Nagwa**
3.15—Jolly Good*
3.45—Baronet
4.15—Jaemel
4.45—Baggin Time

KEMPTON

2.00—Fastpad***
2.30—Nantucket
3.00—Ravel
3.30—Reprobate
4.00—Baffin Bay
4.30—Sir Something

Turning to Kempton, where Nagwa's stablemate, *Ravel*, appeals as the likely answer to the Mentmore Handicap (3.00), *Fastpad* is given a confident vote for the Redfern Plate (2.00), in spite of the presence of African Winner and Lord Helpus.

With that victory fresh in the mind, it was not surprising to see Jolly Good backed from 7-4 to 11-8 for the Carlow Plate (a maiden's at closing race) at Lingfield on May 9. Again Hobbs' colt found no difficulty in leading from start to finish—beating Relkonalia, to whom he was conceding 8-lb, by four lengths, with Chas Sawyer third, another 10 lengths behind.

Jolly Good, who could easily have extended the winning margin at Lingfield had Lewis decided to push him, may be capable of further improvement and to-day's opposition, though far from weak, is unlikely to prove beyond him. Zimbalon, a three-lengths winner of Chester's Grosvenor Stakes three days before Jolly Good's Lingfield victory, is taken to finish second.

Another trainer whose runners usually do well here is Bill Marshall and I shall be disappointed if he fails to land at least one winner. His first representative of the afternoon is *Tasane* in the Stretford Selling Stakes (2.15). This chestnut Lorenzaccio filly ran respectably to gain places in maiden races last season and I expect her to prove herself a cut above the opposition she meets here.

SALEROOM — BY ANTONY THORNCROFT

Record £409,483 for a Gauguin

A RECORD for a Paul Gauguin painting was established at Sotheby Parke Bernet in New York on Wednesday evening. The painting, entitled *Hina Marura* and showing three Tahitian women before an enormous statue, was bought for £409,483. It was sold by the executors of Jacques O'Hana, of the O'Hana Gallery in London to an Italian dealer. The sale totalled £2.4m.

Prices were just about approaching the lower forecasts, and most of the major items sold. The main disappointment was a Francis Bacon, which had been estimated to fetch around £100,000.

The other top prices were £99,138 for a Henri Matisse, *Danseuse au Palmier*; £86,207 for a Pablo Picasso portrait of 1941; £56,034 for a bronze by Giacometti, entitled *Le Chat*; £51,724 for a Max Ernst *La Foret*; and £50,647 for *Chrysanthemes* by Marc Chagall.

Overseas buyers were out in force at a sale of Continental furniture at Christie's yesterday. Prices were usually well above forecast, and few items remained unsold. Dutch marqquetry and Venetian furniture was particularly popular and the top price was the £5,460, about double the estimate, paid by Zamboni, an Italian buyer, for a Venetian walnut and marquetry bombe bureau.

Other good prices were the £3,465 given by a Glasgow dealer for a Dutch marquetry armoire, which had belonged to Sir Ian MacDonald of Sleat; the £3,255 from Ridd for an 18th century Dutch marquetry display cabinet; and the £2,835 paid by Lee for another 18th century marquetry display cabinet. In all the sale totalled £84,494. In the carpet section a silk Kashan prayer rug almost doubled forecast at £3,570.

The reputation of Portobello Road market as a place for bargains received a boost yesterday when a pot lid bought there last month for £7 was sold at Phillips to a collector from Chicago for £400. Staffordshire pot lids are the decorated tops of food and cosmetic pots of Victorian times, and they are an increasingly popular item for the more modest collector. This particular lid fetched a very high price because its picture of a statue and fruit was rare. Another item, an 1851 Exhibition lid of peasant boys, sold for £660, a record for this title, to Beckford, a dealer. The sale totalled £8,793.

At Sotheby's in London a jewellery sale realised £117,023, underlining once again the strength of this easily portable market. All the top items exceeded their estimates, with a Victorian emerald and diamond necklace/tiara selling for £21,000; a cushion shaped Alexandrite, weighing 34.88 carats and mounted on diamonds as a brooch, £16,000; and a ruby and diamonds necklace £5,200.

A coin sale at Sotheby's also produced high prices for the top items. An aureus of the Emperor Severus Alexander of 233 AD fetched £1,200, and a specimen set of coins for the George VI Coronation was sold for £1,050.

The demand for marquetry seems to have been picked up at Bonhams where Moore paid £1,600 for a Dutch marquetry bureau. A Regency banqueting table was bought by Adams for £1,300. Dortons paid £800 for an early 18th century Italian walnut boot cupboard and the same price for a Louis XVI style bureau de dame. The sale at the Retford salerooms of Spencer and Sons totalled £11,555.

TV Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 Golf: The Penfold Championship. 12.25 p.m. Y Gwyddonwyr Ifainc. 12.55 News. 1.00 Pebble Mill. 1.45 In the Town. 2.02 For Schools, Colleges. 2.22 Golf: Penfold Championship. †3.58 Regional News (except London). 4.00 Play School. 4.25 The Mole. 4.35 Jackanory. 4.50 Roy Castle Beats Time. 5.15 Devlin. 5.40 Roobarb.

5.45 News.
†6.00 Nationwide.
6.35 Sportswide.
6.40 Panorama Special: President Ford.
7.15 The Wonderful World of Disney.
8.00 It's A Knockout.
9.00 Referendum Campaign Broadcast on behalf of the National Referendum Campaign.
9.10 News.
9.35 Spy Trap.
10.25 Talk-in: The Prime Minister, Rt. Hon. Harold Wilson, MP, answers questions from Robin Day.
†11.05 Regional News.
11.07 Match of the Day: Northern Ireland v Wales.
11.47 "The Intruders."

BBC 2

All Regions as BBC 1 except at the following times:—

Wales—6.00-7.05 p.m. Wales To-day. 7.05-7.15 Cartoon Time 7.15-7.25 Heddiw. 7.35-8.00 Digon o Ryfeddod.

Scotland—6.00-6.25 p.m. Reporting Scotland. 6.25-6.35 General Assembly Report. †6.35-7.05 Nationwide. 11.06-11.07 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-7.05 Scene Around Six. †1.17 a.m. Northern Ireland News Headlines.

England—6.00-7.05 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South West (from Plymouth).

†6.40 to 7.55 a.m. Open University.
11.00 Play School.
4.00 p.m. Golf: The Penfold Championship.
†5.25 Open University.
7.05 All in the Mind.
7.30 Newsday.
7.45 Family Fare.
8.10 The Old Grey Whistle Test.
9.00 A Referendum Campaign Broadcast on behalf of the National Referendum Campaign.
9.10 The Balloon Game.
9.35 The Money Programme: The New Unemployed.
10.25 Private Affairs.
11.20 News Extra.
11.39 Closedown: Gabriel Woolf reads "To the Virgins, to Make Much of Time," by Robert Herrick.

LONDON

9.30 a.m. Schools Programmes. 11.40 Cartoon. 11.45 Manfred. 12.00 Hickory House. 12.15 p.m. A Handful of Songs. 12.30 Songs that Stopped the Shows. 1.00 First Report: News, plus FT index. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Good Afternoon Money-Go-Round. 2.20 General Hospital. 2.50 Show Jumping from the Royal Windsor Horse Show. 4.20 Follyfoot. 4.50 Magpie Special. 5.20 University Challenge.

5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Husband of the Year.
7.30 Shut That Door!!
8.00 Caribe.
9.00 EEC Referendum—broadcast by the National Referendum Campaign.
9.10 The Main Chance.
10.10 News.
10.40 Cinema.
11.10 Police Five.
†11.20 The Friday Film: "Assignment Redhead."
12.45 a.m. Against the Odds.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Food File. 4.20 The Romper Room. 5.20 Follyfoot. 6.00 About Anglia. 8.00 The Six Million Dollar Man. 10.40 Kung Fu. 11.35 Men Who Matter.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 5.20 The Flintstones. 6.00 ATV Today. 7.30 Hawaii Five-O. 8.30 Shut That Door!! 10.45 Appointment with Fear: "The Oblong Box," starring Vincent Price.

BORDER

†1.25 p.m. Border News. 2.00 Women Only. 5.20 The New Adventures of Superman. 6.00 Border News and Lookaround. 7.30 The Six Million Dollar Man. 8.30 Shut That Door!! †11.10 Late Night Film: "The Black Torment" starring John Turner. †12.35 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Untamed World. 6.00 Report At Six. 7.30 Kung Fu. 8.30 Shut That Door!! 9.00 Vision USA. 10.40 The Friday Film: "Shadow of the Cat." 12.10 a.m. News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Women Only. 5.15 Wait Till Your Father Gets Home. 6.00 Grampian News. 6.10 Grampian Week. 7.00 The Friday Movie: "The Spy With A Cold Nose," starring Laurence Harvey. 8.30 Shut That Door!! 10.40 National Film Board of Canada film followed by Road Report. 11.20 Streets Of San Francisco. 12.15 a.m. Evening Prayers.

GRANADA

11.45 a.m. Manfred. 1.20 p.m. This Is Your Right. 5.15 Cartoon. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Randall and Hopkirk (Deceased). 8.00 Hawaii Five-O. †11.15 The Friday Film: "No Room at the Inn," starring Freda Jackson. 12.45 a.m. The Violin.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 5.20 Orbit 5. 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 University Challenge. 7.05 Friday Mystery Movie: Banacek. 8.30 Shut That Door! 10.40 Festival '75. 11.25 The Streets of San Francisco.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20-4.50 Cestyll Cantamil. 6.01-6.18 Y Dydd. 10.40 Outlook. 11.10 The Streets of San Francisco.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Professor Kitzel. 5.25 Crossroads. 6.00 Scotland To-day. 6.30 The Flintstones. 7.00 Ways and Means. 7.30 Streets of San Francisco. 8.30 Shut That Door!! 10.40 Late Call. 10.45 Friday Thriller: "Chamber of Horrors."

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day By Day (Channels 6, 11, 27, 42, 56 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66). 6.35 Husband of the Year. 7.05 The Friday Film: "Goodnight My Love," starring Richard Boon. 8.30 Love Thy Neighbour. 10.45 Southern Report. 11.15 Southern News Extra. 11.25 Police Story.

TYNE TEES

9.25 a.m. Starting Point. 11.50 Kiri the Clown. 4.20 p.m. The Count of Monte Cristo. 5.20 Follyfoot. 6.00 North East News. 6.05 Division—On Europe. 8.00 The FBI. 10.40 Sportstime. †11.10 The Friday Night Film: "Maria Marten or: The Murder in the Red Barn," starring Tod Slaughter. 12.20 a.m. Late News Headlines. 12.25 Open Bible.

ULSTER

1.20 p.m. Ulster News Headlines. 4.18 Ulster News Headlines. 5.20 The Amazing Chan and the Chan Clan. 6.00 UTV Reports. 6.25 Police Six. 7.30 Kung Fu. 8.30 Shut That Door! 11.10 Policy Story.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Untamed World. 6.00 Westward Diary and Sports Desk. 7.30 Kung Fu. 8.30 Shut That Door! 10.42 Westward Late News. †10.45 The Friday Film: "Shadow Of The Cat." 12.10 a.m. Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 The Count of Monte Cristo. 5.20 Follyfoot. 6.00 Calendar. 8.00 The F.B.I. 10.40 European Cup Special. 11.10 Cinema. †11.40 The Friday Night Film: "The Earth Dies Screaming."

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) also on VHF. 5.00 Newsbeat. 5.15 Rosko's Round Table. 7.00 As Radio 2 until 12.33 a.m. closedown.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Tony Brandon (S) with The Early Show including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including at 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.45 p.m. A Referendum Campaign broadcast on behalf of Britain in Europe: Why you should vote "Yes." 1.50 Cricket Scoreboard. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1 but including on 1500m only (also 202m Scotland). 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 John Dunn (S) including at 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Just for Fun. 7.30 Cricket Scoreboard. 7.32 John Fox conducts the BBC Radio Orchestra and The Added Dimension (S). 8.32 Friday Night is Music Night (S). 10.02 Sports Desk. 10.05 Len Jackson with Music Through Midnight (S) including 12.00 News 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

: Medium Wave only

7.00 a.m. News. 7.05 Overture. Beethoven, Mozart, Haydn (S). 8.00 News. 8.05 Morning Concert: Liszt, Dohnanyi, Kodaly (S). 9.00 News. 9.05 This Week's Composer: Dvorak (S). 9.45 Chamber Music (S). 11.15 American Piano Music (S). 12.00 Midday Concert, part 1: Purcell, arr. Britten, Elgar (S). 1.00 p.m. News. 1.05 Playbill (S). 1.20 Concert, part 2: Vaughan Williams (S). 2.00 Song Recital. 2.50 Netherlands Wind Ensemble (S). 3.55 Handel and Bach: Songs and organ recital (S). 4.40 String Quartets (S). 5.25 Pied Piper (S). 5.45 Homeward Bound. 6.05 News. 6.10 Homeward Bound (continued). 6.30 Study on 3. 7.30 Bath Festival 1975: Bach, part 1 (S). 9.05 The People Parish. 9.25 Bach, part 2 (S). 10.10 Music Now. 10.55 Westward Look. 11.25 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today including 6.50 and 7.50 VHF Regional News, 6.55 Weather, programme news. 7.00 News and more of Today. 7.27 Sportsdesk. 7.35 Today's Papers. 7.45-7.50 Thought for the Day. 7.55 Weather, programme news. 8.00 News and more of Today; 8.27 Sportsdesk. 8.35 Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Referendum Call. †10.00 News. †10.05 Checkpoint. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 My Kind of Music. †11.50 Toby and His Uncle Jake. 12.00 News. 12.02 p.m. You and Yours. 12.27 Twenty Questions. †12.55 Weather, programme news. VHF (except London and S.E.) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour from Manchester (from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Brain of Britain 1975. 6.45 The Archers. 7.00 News. 7.30 Pick of the Week. 8.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: followed by interview with the Prime Minister, Rt. Hon. Harold Wilson, MP. 10.55 A Book At Bedtime. 11.10 The Financial World Tonight: Radio 4's International Business Report: Market Trends. 11.25 Today In Parliament. 11.35 The Wit And Wisdom of Noel Coward. 11.50 News.

For Schools: VHF only—10.00 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.02 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.32 The London Gardener. 3.45 The Jobfinders. 4.03 Lobby. 4.32 Home Run including London News Desk at 5.00 6.00. 6.30 Sportsfield. 7.00 In Town. 8.00 Good Fishing. 8.30 London Country. 10.03-2.00 a.m. Popshop.

London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "AM": News, interviews, traffic and travel news, plus sport. 10.00 Open Line with George Gale. 12.00 Newswatch. 6.00 p.m. Newsbreak. 7.30 Music in Stereo. 9.00-1.00 a.m. Love in London: presented by Adrian Love.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. Kenny Everett with 2½ hours of music and madness. 9.00 Michael Aspel with music, features, advice and swap-shop. 12.00 Cash on Delivery with Tommy Vance and Music. 3.00 p.m. Roger Scott with music. 7.00 London Today. 7.30 Open Line: "Meet Your MP." 9.00 Nicky Horne's Rock Show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,785

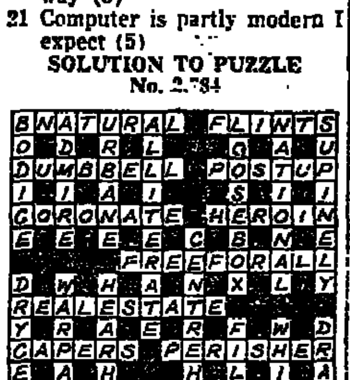
ACROSS

1 Obscure and create sorrow (9)
6 Among a thousand and I'd to follow (4)
10 Magnetic compound I joined is puzzling (9)
11 Being supple, dismounted with His Excellency (5)
12 Midnight—a fascinating time? (3, 8, 4)
13 Sways round cover but is absolutely safe (4-5)
15 The meaning of words used to float along (5)
17 Wound on front of face? No, wound round neck! (5)
18 Strip down Diana's cloak (9)
20 Irritate with yarn related to tailor's work (6, 3, 6)
22 Austere place at the rear (5)
23 Willingness to allow permutted variation (9)
24 An American jerk (4)
25 Stays or selects a mixture (9)

DOWN

1 Capsizes open vessels (9)
2 The best priest takes note (5)
3 Breaks the law commonly if tea's brewed up (7, 1, 6)
4 Local measure—a litre is visual (7)
5 Condemned some French and wept (7)
7 Religious type—one who observes his manners? (9)
8 Gloomy but beloved right inside (5)
9 Waste, effort to sell a dull mount (4, 1, 4, 5)
14 Multi-coloured lizard (9)
16 Don't walk so much but don't drive on these tyres (9)
18 Doctor however gets spasm—it's violent (7)
19 Seat manufacturer is more serious accepting a novice (7)
20 Unpleasant denial about the way (5)
21 Computer is partly modern I expect (5)

SOLUTION TO PUZZLE No. 2,784



Festival Hall

The Bach Choir

by RONALD CRICHTON

On the eve of the centenary season the Bach Choir conducted by David Willcocks, with the Choristers of St. George's Chapel, Windsor, and the New Philharmonia, on Wednesday performed choral works by Scottish and Welsh composers, capping them with the indubitably English Walton's *Belshazzar's Feast*. William Mathias, in *This Worlde's Joie*, written last year for the Fishguard Festival, has presented choral societies with yet another anthology cantata, a form so loved by British composers that they will doubtless be writing them a century from now, if any choirs and orchestras have survived, and probably even if they haven't.

This one celebrates the cycle of the four seasons with text from that not exactly virgin territory where beareth the bell away, the sunnë is soft, a maiden is makeless, and dew in April falleth on the spray. Mathias's idiom is Holstian and Brittenish, but whereas he has their leanness he does not always find their tautness. When he does find it, as in some simple but telling sections for boys' voices, and in "Now shrinketh rose and lily-flower," for female chorus (the Bach Choir sopranos and altos are themselves boyish in timbre, though in the old style rather than the new), the unoriginality of idiom does not matter. Elsewhere there are pages when the world seems to be revolving slowly enough for unkind thoughts about the desirability of a British *Carmina burana*.

Iain Hamilton's *Te Deum*, new to Britain, was also first given last year, at Duke University in North Carolina. It needs courage to praise the Lord at a time when anxious supplication might seem more appropriate, but Hamilton has done so, and at the same time praised Venice, too. The connection is admitted if not clarified in the composer's programme note, but the music contains a barcarolle figure which lends a horizontal motion to a mainly vertical assemblage of orchestral crunches (scored for wind, brass and percussion, no strings) and wide-spaced chords like blocks of masonry. The result is architectural and in a severe way richly coloured. The choral sound was suitably massive—the work ought to go splendidly in a large church. The soloists in the Mathias cantata were Janet Price, Kenneth Bowen, and Michael Rippon.

Purcell Room

Baryton trio

by DOMINIC GILL

A baryton trio is not (as a German might assume) a trio of tenor tubas, nor indeed a trio of barytons, but a string trio of viola, cello and viola di bordone —otherwise known as the baryton, or sometimes in England "viola Paradon." It's an unusual instrument, all but obsolete since the end of the 18th century, and even in its heyday something of a curiosity: a hybrid of a bass viola da gamba (with a fretted fingerboard and six gut strings) and a viola d'amore (strung with 14 or more extra wire strings to give sympathetic resonance, which may be also plucked, unlike those of the viola d'amore, behind the neck of the instrument with the thumb of the left hand).

Its chief claim to fame is an accident of history: Prince Nicolas Esterhazy played the baryton, and as a result Joseph Haydn wrote for his patron's chosen instrument nearly 200 works, most of them trios. None of them perhaps could be called a real Haydn masterpiece: but none that I have heard sounds in the least dull or routine. The unavoidably-named Esterhazy Baryton Trio included three in their programme on Wednesday: No. 37 in G, a showpiece for the Prince, with two movements devoted to him exclusively; No. 64 in D, light and sweet, shaded only with a hint of one or two dark chromatic colours; and No. 121 in A, with a splendidly buoyant and rhythmically complex finale.

The Esterhazy also gave the first performance of a trio written specially for them by Stephen Dodgson: a short trio in four movements which investigates the combining and overlapping of the three instruments carefully and neatly — a gentle mix of Hindemith and Britten, spiced with the occasional Bartokian emphasis. The barytonist Riki Gerardy showed off his instrument's "serious vein of lyricism" — reedy, like a viol's, coloured with the tangy whine of sympathetic overtones, to modern ears almost oriental — with his own solo arrangement of the Gavotte from Bach's D major suite; odd, but interesting, not without point. And two individual showpieces for the other members of the group were well turned out: Kodály's pungent arrangement for viola of Bach's Chromatic Fantasia, and the little Hindemith Duo for viola and cello.

Elizabeth Hall

Northern Sinfonia

by GILLIAN WIDDICOMBE

Geza Anda withdrew from Wednesday's all-Mozart concert by the Northern Sinfonia, and was replaced as conductor by Uri Segal, as pianist by Fou Ts'ong. The partly changed programme provided an agreeable three-some: the happy Salzburg B flat symphony, No. 33; the lissom and perky Serenade in C minor for wind octet, K 388 and back to B flat for the mild piano concerto K 456, unbeatably described by Girdlestone as "Very Mozartish [but], far from containing all Mozart."

Fou Ts'ong's performance of the concerto sounded much the best prepared part of the concert. Generally, it was boudoir Mozart, playing gentle in line and mostly soft in texture. Sometimes his expressive hesitations before the principal note in a crucial theme seemed rather overdone, creating the cloying impression of a row of pins sinking into cushions. This is surely one of those concertos in which simplicity is arresting. For example, when the march-like opening of the first movement is unfussily taken, the subsequent woodwind twiddles are all the more delighting. However the finale—a skipping rondo with a sudden, rash frown in the minor—was given a fresher, playful reading.

The C minor Serenade for oboes, clarinets, bassoons and horns is a tempting work for a young orchestra like the Northern Sinfonia, but is suitable only for experienced players. Ensemble is critical, and on Wednesday even some of the most prominent passages were untidily attacked, so that what should have blended often just bubbled. A conductor is not much help here, for the serenade's criss-cross and doubling is true chamber music, and hardly needs general directing. But Mr. Segal began the concert with a nicely-paced account of the little B flat symphony, warm-hearted and cheerful.

Gayle Hunnicutt at Ludlow Festival

Gayle Hunnicutt will play Olivia in this year's Ludlow Festival production of William Shakespeare's *Twelfth Night* at Ludlow Castle from July 1 to July 12. This marks her Shakespearian debut in the English theatre.

Also in the cast are Rupert Davies and Bernard Bresslaw. The director is Phillip Grout.

A scene from 'The Master and Margarita'

Cinema

Stavisky's empire

by RICHARD COMBS

Stavisky (A) 2 Curzon
The Master and Margarita (AA) ABC Bloomsbury

Alain Resnais is a film-maker whose intellectual preoccupation with the tricks that time and memory play beneath the comfortable surface of life has always seemed inimical to the comfortable patterns of story-telling. In his last few features, though, he has been trying. *La Guerre est finie* (1966) dramatised the problems of an exiled revolutionary to whom time was all too real an irritant in his passing years, his complicated emotional ties, and his tortured political commitments; *Je t'aime, Je t'aime* (1968) roamed through its hero's life with all the sleek, time-travel aids of science fiction. *Stavisky* is an historical romance, set in that favourite Sleepy Hollow of movie nostalgia, the 'Thirties, and concerned, like *Bonnie and Clyde*, not so much with the substantial life of its characters as with the mythology that grew around them.

Stavisky was a swindler who had the ambition and the good sense to conduct his schemes on a scale sufficiently large to involve politicians and businessmen of solid position. Born in Russia in 1886 as Serge Alexandre, the son of a dentist who wanted him to become a respectable, law-abiding French citizen, Stavisky maintained the facade of being a proper, highly influential financier until the scandal of his sale of phoney bonds to French workers broke in 1933. Pursued by the police to Chamonix in Switzerland, he died with two bullets through his brain, administered either by himself or, more likely, by the police. The scandal outlived him, however, and amidst vociferous accusations of corruption in high places, two French ministries collapsed

Resnais' treatment at once emphasises the high romantic quality of his material through the great personal charm of his adventurer hero (played, inevitably, by Jean-Paul Belmondo), and sets it at something of a distance, rearranging events into a formal mosaic. Declaring himself essentially uninterested in the period recreation ("I don't believe in historical films"), Resnais splinters the chronology and atmosphere of the story with a myriad of brief and non-sequential scenes, and allows the pieces to come together in other, exquisitely dense patterns. One result is that certain period details have a distinctly "posed" air about them—particularly in the sections relating to Stavisky's beautiful and fashionable wife Arlette.

The glacially elegant style also appears somewhat impenetrable at first glance: Resnais has been accused of being seduced himself by the dazzling surfaces of his film, and more than one French critic has complained that the artifice of *Stavisky* admits no mention of the economic and social conditions that gave rise to this particular phenomenon—the general corruption of the sources of wealth and power in the years of desperate speculation that followed the Crash. Still less, however, does the film go into the psychology and motivation of its protagonist: both Stavisky and his era are seen from the outside, the better to emphasise the peculiar spectacle of the capitalist mentality engaged in one of its most extravagant and ephemeral flights of fancy. One of Stavisky's projects was the creation of a theatre of his own, the Empire, and Resnais persuasively extends the idea into a metaphor for the age—a theatre in which Stavisky was the grandstanding and unchallenged lead performer.

But edging into the limelight as his opposite number and, by ironic accident, his comrade-under-the-skin is the figure of Leon Trotsky. Seen arriving in Cassis harbour at the very beginning of the film, Trotsky reappears throughout, the paths of the two expatriate Russians frequently crossing in some obscurely fateful arabesque. The

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starting point for *Stavisky's* double focus in this respect seems to have been a text from Sartre, drawing a parallel between the political militant and the unscrupulous adventurer, and the different ways in which they undermine "the enormous warehouse of goods which is bourgeois society." Scenarist Jorge Semprun (who also worked on the Costa-Gavras films *Z* and *The Confession*) used the same text as an epigraph to his script for *La Guerre est finie*.

For all its dislocations, moreover, *Stavisky* is dominated by a sense of gathering doom. Images of death begin to proliferate in the film's latter stages, in the flash-forward shots of Stavisky's funeral and the investigation of his friends conducted after his death, in the insidious trickle of the colour white into the decor and landscape, and in the shots of one dead creature or another to which Resnais cuts in a "rhyming" pattern that again links the fates of Trotsky and Stavisky. Far from being lost in the glitter and tinsel of an elegiac tribute to one unrepentant con man who beat the system at its own game, Resnais keeps the protagonist firmly in place and in context, and directs this elegant apparatus, like one of the sleek Hispanos that attached themselves as principal icons to both Stavisky and his era, down a road that clearly leads straight over the edge of a cliff.

*

Romance and fantasy in *The Master and Margarita* prove, unfortunately, to be rather a shoddy medium for conducting the political message. Adapted from Mikhail Bulgakov's famous novel of political repression in Moscow in the Twenties, and changing the artist hero from a novelist into a playwright (in order to provide some intriguing glimpses of his controversial masterwork, *Pontius Pilate*), the film has stripped away the more intricate surrealist fantasy of the original in order to state the message in plain and rather platitudinous terms.

Director Aleksandar Petrovicv seems altogether uncertain as to what comic tone to apply, and the film degenerates into a rough collection of skits, barely held together by long, travelogue-ish sleigh rides down Moscow streets to the accompaniment of unsubtitled soundtrack ballads. One or two scenes, more by accident than design, it seems, strike an appropriate not of parody, as when the playwright Maksudov, after drinking to neutralise his anger at the censorship of his play, finally encounters the wispy blonde he has glimpsed in the streets and makes an impassioned declaration of (not too ludicrous) romantic love. And Maksudov's portrayal of Christ as a good-natured simpleton in an interesting conception, of which we're offered tantalising morsels in the *Pilate* rehearsals.

But the most crippling failure is the characterisation of the mysterious Professor Woland, actually the Devil incarnate, who arrives with a cantankerous black cat and two puckish assistants to help Maksudov in his struggle with the authorities. Far removed from Bulgakov's wild invention, this crew quickly look very Disney-ish in their antics. Here more than anywhere, one regrets that the director was so intimidated by the surrealist sting of the original that he surrendered alternately to whimsical digs at bureaucracy and bare-faced propagandising.

Almost Free

Three plays by Robert Patrick

by B. A. YOUNG

The Almost Free Theatre's season of plays about the problems of homosexuals ends with a flurry of drama from Robert Patrick, author of *Kennedy's Children*. The major offering comes in the evenings with *The Haunted Host*, a long two-hander with an interval in the middle that hardly divides the play into two acts, only serves as a stepping stone in the torrent of emotion where we can catch our breath.

One situation is explored through the whole play. To the Greenwich Village pad of Jay, an ageing (26, that is) gay writer, comes a straight young man recommended to him by a mutual friend for, it is alleged, purely literary reasons. The ghosts of Verlaine and Rimbaud stir in the mind, but a ghost of another kind stirs on the stage, for Frank, the boy, is the double of Jay's last friend, who has lately killed himself.

No point in detailing the approaches and defences employed by the pair of them as Jay goes through all the motions of seduction (including the administration of so much benzedrine, hash and amyl nitrate that I was amazed Frank could stay articulate) and Frank tries to get Jay to read his play and give him literary advice. But Frank wants neither to read the play nor to seduce the boy, for the ghost of his dead friend hangs over him. The object of his performance—if I have it right—is to persuade the boy to retreat from the wicked temptations of New York. I have to make that reservation, for if that was really all he had in mind, he might surely have done it quicker and more easily.

The writing is brilliant but self-indulgent. Mr. Patrick is the Soliloquy King, and Jay, whose conversation is always sufficiently theatrical and affected to allow him to pop in as many jokes as a Neil Simon hero, feels no need to stop talking even when Frank is not in the room if that is the only means at hand for him to reveal his thoughts. Joe Pichette, an experienced off-Broadway actor, does it all well, but has not quite gauged the amount of projection needed in a small house like the Almost Free. Ned van Zandt, also American, matches Mr. Pichette with his playing of the quiet, naive boy from Iowa; but I should have been happier if John Chapman, the director, had imposed a trace more restraint on the two of them.

At lunchtime there are two one-act plays that don't particularly enhance Mr. Patrick's reputation, though they are well observed. The first is a ten-minute squib, *Fred and Harold*, illustrating the relationship between "love" and violence in an affair between an uncertain young man (who significantly belts his jacket up right side over left) and a tougher young man in jeans whom he has just picked up at a party.

The second, *One Person*, is a monologue by a man who would like to be a Koestlerian "holon" of the gay world, a microcosm with universal characteristics. In most of it we see something like a subjective commentary on *The Boys in the Band*, the young man switching his attention from guest to guest. Michael Deason is the one man of the title; Barry McCarthy and Peter Whitman are the Fred and Harold of the other title. The director is Stewart Trotter; there seems to have been little for him to do, but he has done it impeccably.

Economies at the Royal Court

The Royal Court, unable to fulfil its planned schedule on the grant made to it by the Arts Council, is to close the Theatre Upstairs at the conclusion of the programme announced yesterday until enough money is available to resume work there. The current year's grant is £90,000 below what the theatre wants, and in addition there is an existing deficit of £40,000.

The closure of the Theatre Upstairs will provide a saving of £34,500. The theatre will still be available for rehearsals and for use by the Young People's Theatre activities. Other economies will be made totalling some £40,000.

In spite of this forbidding picture, the forthcoming season, the first under the dual direction of Nicholas Wright and Robert Kidd, looks a good one. There will be new plays by David Hare (*Teeth and Smiles*), Edward Bond (*The Fool*), Howard Barker (*Stripwell*) and Christopher Hampton (*Treats*). Two of these will be presented in conjunction with another management, and it is hoped that partners may be found for some of the others.

There will also be some 10 Sunday evening productions.

Florence music

Moderns at the Maggio

by WILLIAM WEAVER

The Maggio musicale has always allotted some space to contemporary music: one of its first and most important events, after the war's end, was the world premiere of Luigi Dallapiccola's *Il prigioniero*; but this year that space has been considerably extended. Contemporary works are included in the programmes of nearly all the concerts and recitals; there will be a performance of Henze's *The raft of the "Meduse"* next month; and there will be a Dallapiccola memorial concert and exhibition about which I hope to write soon.

Meanwhile this is Karlheinz Stockhausen week. On Saturday night, the composer and his group performed *Herbstmusik* (Italian premiere); and the next night there were performances —also for the first time in Italy —of *Spiral* and *Indianenlieder*. These were followed by an Encounter with the composer, more of whose music will be played in a few days' time.

I might as well confess that I am not a fan of the more recent Stockhausen. I try. But I fail. The composer's writings are no help. To the Maggio's souvenir programme he has contributed a piece, "*Carte blanche* to the young," which I find repellent and demagogical, with its talk of "superior beings" and heightened awareness.

Elsewhere, he says that, ideally, the listener should approach his music after four days of fasting, in silence. Maybe that's what's wrong with me. Anyway, the composer's aim at simplicity seems to come perilously close to banality or even cheapness. In describing *Herbstmusik*, he talks of a modern Commedia dell'arte: but those actors—whose work is so often named in vain nowadays —were, first of all, funny, and secondly, professional. Some of the audience laughed during *Herbstmusik* (an hour and a quarter of mime: nails driven into planks, twigs snapped, wheat flailed, etc.), but I don't think they were supposed to. Joachim Krist may be a good viola-player (to judge from the few bars of "real" music that conclude the work), but he is a lousy actor. And Suzanne Stephens can play the clarinet—as she also proved in *Spiral*—but she hams terribly. As an actor, the Master himself is no great shakes.

As all the musical world now knows, Stockhausen has discovered the Orient, so his recent pieces are filled with ritual. *Indianenlieder* involves a good deal of bowing, sprinkling of water, of rose-petals, an occasional gong-note. Unfortunately, it also has an English text that sounds like a bad imitation of Tagore or, worse, Khalil Gibran. And the two artists who performed the work —the soprano Helga Hamm-Albrecht and Karl Barkey—have splendid enunciation, so every word could be understood (and every phrase was repeated a number of times). Their pronunciation, however, is less admirable. The tenor kept singing the word "sacred" as if it were the two words "say" and "crud." Under the circumstances, it was difficult to concentrate on the music.

In all fairness, I must report that not everyone shares my feelings. Though some people laughed, whistled, and made rude remarks during *Herbstmusik*, there was also a great deal of applause. And, at the second concert, the public was even more well-disposed (it was also a good deal younger). Stockhausen clearly has an audience One can only hope that, from this audience, he will also have some exegetes who will make us middle-aged squares see the light. At the moment, the end of the tunnel looks far away to me.

Last week the Royal Stockholm Opera Ballet paid a brief visit to Florence, bringing three American choreographies, unfamiliar here: Jerome Robbins' *Les noces*, Eliot Feld's *The consort*, and Glen Tetley's *Embrace tiger and return to mountain* (the deservedly big hit of the evening). The company was not particularly exciting, but they performed neatly and decently, and it was good to see these works in ballet-starved Italy.

WORLD TRADE NEWS

U.K.-Moscow talks fix new areas of co-operation

MOSCOW, May 22.

BRITISH and Soviet Ministers have said that talks in Moscow this week have pinpointed new areas of possible economic co-operation and confirmed prospects for a considerable growth in trade between the two countries.

At the same time, British delegation sources said that it had emerged from the discussions that British firms were in an advanced stage of negotiations on contracts worth up to £370m.

The British side at the talks, formally a session of the Joint Commission on Economic Co-operation, was led by Trade Secretary Peter Shore and the Soviet by Deputy Prime Minister Vladimir Kirllin.

Among projects discussed this week, according to a communique, were the building of a low-pressure polyethylene plant, timber and pulp complexes, and a pilot plant at the Udokan copper deposits north of Lake Baikal in Siberia.

Industry sources said that it is understood that Rio Tinto-Zinc is negotiating with the Russians for the building of the pilot plant, to be constructed during the 1976-80 Soviet five-year plan, in a contract worth up to £10m.

But British officials are known to hope that if this contract were landed it could lead to British co-operation in the construction of a huge mining complex at Udokan in the early 1980s and a deal worth several hundred million sterling at to-day's prices.

Also discussed this week was the possibility of British participation in the development of oil and gas deposits off the northern coast of the Soviet Union. Industry sources said that British Petroleum is understood to be involved in these negotiations.

● Plessey Telecommunications, a subsidiary of Plessey, announced in London that it has received an order worth £300,000 from the USSR for the supply and installation of an electronic telephone exchange.

The contract is for a Plessey pentex exchange and was signed in Moscow to-day with the Soviet trade organisation V/O Mashpriborintorg, a company spokesman said. Delivery times have not been agreed yet, he added.

Reuter

Singapore seeks Arab backing

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, May 22.

THE GOVERNMENT of Singapore is hoping to obtain Arab as well as Japanese Government support for the $800m. petrochemical complex which it plans to establish in association with Sumitomo Chemical Company.

This emerged during the visit here of Mr. Lee Kuan Yew, the Singapore Prime Minister, who is now on his way back to Singapore after visiting the U.S. and attending the Commonwealth conference in Jamaica.

Mr. Lee, who has been in Tokyo since Monday night, has had talks with Japanese Ministers on the "post-Indo China" balance of power in South-east Asia.

He has also taken the opportunity of stressing the importance of aid and investment for Japan's future relationship with South-east Asian countries and with Singapore in particular. Mr. Lee told the Press to-day he was "confident" that Japanese support for Singapore's economic development would be reflected in assistance from the (Japanese) Export-Import Bank and the Overseas Economic Co-operation Fund.

The Singapore petrochemical complex, which forms the nucleus of Mr. Lee's strategy for involving Japan in the Republic's economic development, was originally to have been a 50-50 venture between Sumitomo Chemical and a variety of Singapore Government interests, including the Development Bank of Singapore.

It now seems, however, that Singapore would like one or more Arab Governments to take half its 50 per cent. share. That would give the Arabs 25 per cent. of the project, with another 25 per cent. for Singapore and 50 per cent. for Sumitomo. The percentages refer to the ethylene-producing "core" of the complex. The downstream installation would be part-owned by international oil companies, including Shell.

Arab involvement would have the obvious advantage of easing the financial burden for Singapore but could also be seen as a guarantee of oil supplies for the complex. The petrochemical plant will use naphtha supplied by the existing Singapore refineries (including the Shell refinery) but those in turn depend on crude oil imported from the Gulf. The involvement of Arab finance in the Singapore project could form part of a more general adjustment of Singapore's foreign policy, including the loosening of links with Israel.

Singapore is asking for Japanese involvement in its petro-chemical project at a time when Japan's interest in foreign investment is at a fairly low ebb and when the market for petrochemical products is not particularly buoyant. As one instance of this, Mitsubishi Corporation and Mitsui and Co., Japan's two largest trading companies, now appear to have shelved plans for a petrochemical complex in Korea.

In asking Japan to push ahead with the Singapore project, however, the Singapore Government can bring some powerful arguments to bear. One involves Singapore's strategic position on the Malacca Straits which are a vital route for Japan's oil supplies from the Middle East. Singapore is taking a more liberal attitude to the passage of tankers through the Straits than either Indonesia or Malaysia, both of which are considering the imposition of a maximum tonnage ceiling.

The Indonesians are reportedly thinking of closing the Straits to tankers over 180,000 tons, whereas Malaysia favours a ceiling of 200,000 tons. Singapore's proposal, which could affect the outcome of the debate on the Malacca Straits, is that tankers should be allowed to pass provided they have been specifically insured for passage through the Straits.

The Singapore complex would be the first major petro-chemical project in South-east Asia, and would have a capacity approximately equal to the present South-east Asian market for its products. If the scheme proceeds on schedule, a joint venture company should be formed by the end of this year, with the plant coming on stream in 1979.

REDISCOUNT RATE REDUCED BY 1%

By Our Own Correspondent

The Monetary Authority of Singapore has announced a 1 per cent. reduction to 6 per cent. per year in the rediscount rate for export and pre-export usance bills from May 22. Banks negotiating such bills will not be allowed to charge more than 1½ per cent. as commission, enabling exporters to receive finance at not more than 7½ per cent. against a prime rate of 8½.

Lowering the rediscount rate the Authority said, will make the rediscounting scheme attractive to banks and exporters and promote exports.

Philippine exports

Britain was third largest importer of Philippine goods in January-March. Japan has overtaken the U.S. as the Philippines' main market, buying U.S. $251m., or 42 per cent. of all exports. The U.S. imported $147m., or 25 per cent. of the $600m. total. Britain's $51m. lifted it from fifth place in 1974 to third.

Export Contracts

BRITISH ROPES will manufacture £500,000 worth of steel wire rope anchor lines for the offshore industry for Viking Jersey Equipment, Rotterdam. The eight ropes are for the pipe laying barge Viking Piper. Each is 12,500 feet long and 3 inches in diameter.

PYE TVT will supply two television transmitter stations worth £1m. for the Northern Central state of Nigeria.

PLESSEY AVIONICS AND COMMUNICATIONS will build further airborne uhf/vhf radio systems and radar transponders for Lockheed Aircraft Services, raising to £1m. the total of such equipment supplied by Plessey.

BRITISH TIMKEN has orders for railway components worth £1m. from Greece, New Zealand, Sudan and Turkey.

The Financial Times, published daily except Sundays and holidays. U.S. subscriptions $190.94 (air freight) $381.58 (air mail) per annum. Second class postage paid at New York, N.Y.

GATT inquiring into textile restrictions

BY DICK WILSON

COMPLAINTS AGAINST the EEC and Australia of alleged breach of international textile agreements are being investigated at Geneva. The Textile Surveillance Body (TSB) of the General Agreement on Tariffs and Trade, comprising eight representatives (of the U.S., EEC, Japan, Canada, Brazil, India, Hongkong, and Turkey) under the neutral chairmanship of a Swiss diplomat, Mr. P. H. Wurth, has been instructed to report by the end of next month on implementation of the multi-fibre textile agreement (MTA) which has been in effect for just over a year.

The Textile Committee of the GATT will discuss this report at the meeting in July, and could find the EEC and Australia guilty of failing to keep their promises under the MTA. The point at issue with the EEC was the requirement on each textile importer to phase out pre-existing import restrictions or else renegotiate them within the framework of the MTA—by April 1.

The U.S. asserts it has renegotiated 19 such bilateral agreements covering 95 per cent. of its imports, but the EEC only succeeded in concluding one renegotiation by the deadline, namely that with India.

Because of bitter internal wrangling between the nine member governments, the EEC Commission has received a mandate from the Council of Ministers for only four of these bilateral renegotiations — and three of them remain unfinished.

At the April 22 meeting of the GATT Textile Committee it was the Pakistan delegate who led the attack against the EEC. Textile exports, he said, accounted for 40 per cent. of Pakistan's foreign earnings and more than one-third of its total textile production. As a result of the Western recession 20 per cent. of Pakistan's mills were closed. Yet the EEC had delayed a whole year, waiting until the end of 1974 to begin renegotiation of its restraint agreement with Pakistan. In consequence, Pakistan exports had been frozen at their old levels.

The new "offer" by the EEC included a wider range of products to be put under restraint than had figured in the old agreement and with less provision for annual growth. Moreover, the national quotas were unfair, since countries accounting for three quarters of the EEC population were to accept only one-third of the total Pakistan quota for the EEC as a whole.

The EEC did not immediately respond to the allegations, reserving its right to rebut them in the TSB sessions now in progress at Geneva. Negotiations are in train with other suppliers of the EEC market, notably Hong Kong, Korea and Japan. Pakistan is jibbing at the quotas offered and also at the mandatory consultation required by the EEC.

Meanwhile, the case against Australia has been almost unanimously supported in the GATT Textiles Committee, and formal consultations with Canberra are being demanded by her major trading partners. Despite sympathy with Australia's trading balance problems, there is universal condemnation of the way in which the Australian Government has chosen to deal with them, notably by imposing a new apparatus of tariff quotas to keep out textiles not merely from low-cost suppliers in Asia but also from Europe and the U.S.

Despite its teething problems, the MTA is attracting new members. The newest applicant is Bulgaria, whose case has aroused unexpected controversy because of West European insistence that the Socialist states of Eastern Europe must not acquire any GATT privileges through the back door of the MTA.

No one expects a resurgence of the international textile trade this year. But in anticipation of a recovery by next year the textile exporting countries seek to have reasonably liberal guidelines laid down this year. That was why they signed the MTA after months of strenuous negotiations at the end of 1973.

AMERICAN NEWS

Pressure on Ford against reduction in aid to Israel

BY PAUL LEWIS, U.S. EDITOR WASHINGTON, May 22.

POWERFUL FORCES in Congress are now moving to prevent President Ford from trying to press Israel into some new accommodation with Egypt and its other Arab neighbours by threatening to reduce American aid.

Last night, 75 Senators sent the President an open letter reaffirming their support for Israel and demanding that the Administration submit a request for aid to Congress that "will be responsive to Israel's urgent military and economic needs."

At present, the Israelis have asked for $2.5bn. in American aid for the next fiscal year, of which $1.8bn. would be in military grants and credits and a further $700m. in economic assistance. However, the Administration has delayed any action on the request while it completes the "review" of aid ordered by President Ford after the collapse of Dr. Kissinger's last peace mission.

It has, of course, been an open secret for some while that the Administration considers Israel primarily responsible for the failure of that effort, and both President Ford and Dr. Kissinger have had some harsh things to say in private about the intransigence of the Israeli rulers since then.

It is also true that the Administration is extremely reluctant to reconvene the Geneva peace conference without further progress on the Sinai front and Dr. Kissinger has made clear that he is prepared to resume his mediation efforts if he is satisfied that they are likely to succeed this time.

Against this background and with the date of the Geneva conference being continually pushed back, it has been widely assumed here that President Ford should try to bring pressure to bear on Israel to soften its stand on the Sinai by threatening some reduction in military support. Even the delay in submitting an Israeli aid request to Congress has been seen as a clear mark of Administration disfavour.

Now, three quarters of the Senate has indicated its concern about the President's attitude towards Israel and shown once again that the Congress remains in favour of a continued, high level aid commitment. The letter was signed by 50 Democrats and 25 Republicans and by all of the 10 Freshmen Senators elected in 1974.

It must be rated a victory for the Israeli-lobby and at least a mild embarrassment for the administration. On the other hand, it is also another example of the way Congress is determined, at least for the moment, to show that defeat in Vietnam does not mean America is going to tear up all its other foreign policy commitments.

SEC 'foreign ownership' charge

BY JAY PALMER NEW YORK, May 22.

THE U.S. Securities and Exchange Commission, in one of the first cases of its kind, has charged an American company with actively concealing a foreign businessman's increasing equity stake in its common shares. In the same suit, the agency accused the company, General Refractories, one of America's largest makers of heat resistant furnace linings, of making a number of undisclosed "payments" to unidentified foreign politicians.

The SEC suit charges that the company illegally failed to report that Mr. Hermann Mayer, an Austrian citizen currently resident in Switzerland, had purchased 17 per cent. of its common equity. Under SEC regulations, all U.S. companies are required to report the existence of any foreign shareholding exceeding 5 per cent.

The SEC further alleged that, as a result of this large holding which placed Mr. Mayer in a position to exercise control over the company, General Refractories engaged in certain transactions which caused it "to incur unnecessary costs to the benefit of Mayer concerns." The complaint cited instances of the company's dealings and sales in Central Europe through Mayer concerns.

An agency official told the Financial Times this morning that this case is believed to be the first occasion that a foreign citizen has been accused of exerting a secret influence over the operations of an American company. In view of increasing concern in Washington over the need for tighter Government controls of domestic petro-dollar investments, the case is likely to set precedents.

The SEC to-day refused to disclose the size of General Refractories' alleged payments to officials of foreign Governments. However, the payments in this particular case are believed to be concentrated in 1972 and 1973 and total considerably less than the similar payments alleged to have been made by Gulf Oil, United Brands, Northrop and Philips Petroleum.

Meanwhile, Federal agents in New Orleans appear to have uncovered evidence of wide-ranging corporate fraud in the town's grain shipment zone. At least nine persons, several of them senior executives of grain-dealing companies, have already been charged with bribing inspectors responsible for certifying ships as clean and fit to carry grain. Existing charges also deal with deliberate misgrading of grain.

The investigation, which is alleged to involve over 100 suspects, is now centring on allegations of short-weighing of grain shipments and profiteering on the re-sale of the grain illegally withheld. Investigators are already said to have uncovered suspiciously large Bahamian Bank deposits (of up to and over $1m.) owned by middle-management employees of one international grain dealer.

Argentine shuffle seen

BY ROBERT LINDLEY BUENOS AIRES, May 22.

ALL INDICATIONS are that Sr. Alfredo Gomez Morales, Minister of the Economy for only six months, is about to be replaced by Sr. Celestino Rodrigo, Secretary of Social Security.

Both Buenos Aires' La Nacion, well-connected in economic circles inside and outside government, and Mayoria, a Peronist newspaper considered to represent the Gomez Morales line, believe this changeover to be imminent. The only question seems to be whether it will be immediate or after the nation-wide wage bargaining which begins on June 1.

Sr. Gomez Morales wants to hold the wage rises to 25 per cent., and his economic emergency programme, delivered to President Maria Estela Martinez de Peron a month ago and first published to-day (by only one newspaper, La Prensa) reflects throughout an austerity policy. It has just been announced officially that the cost of living went up last month by 10.2 per cent.

Sr. Rodrigo, the apparent Economy Minister-designate, is identified with Social Welfare Minister Sr. Jose Lopez Rega, who—together with Labour Minister Sr. Ricardo Otero—insists on the workers' wage keeping up with the cost of living, which has increased 27.7 per cent. in the first four months of 1975.

IN BRIEF

Pollution problem

The steel industry in the U.S. is incapable of meeting its 1983 pollution control requirements unless current environmental laws are modified, an industry leader has said in New York. "The domestic steel industry has about $2.9bn. of pollution control equipment in place to-day and steelmakers will have to spend up to $14bn. more to comply with projected 1983 environmental requirements," Mr. Frederick Jaics, chairman of the American Iron and Steel Institute, said.

Ford's candidacy

President Ford will formally announce his candidacy for the Presidency within a month and expects to win the election next year, according to William Lawson, one of a group of Republican Party national, State and county leaders with whom the President had talks at the White House.

Oil imports plea

House of Representatives Speaker Mr. Carl Albert has said that he has asked President Ford to delay imposing another increase in the oil import tariff but has got no commitments from the President. The House has postponed action on its own energy Bill until after the Memorial Day recess.

Caricom warned

Mr. William Demas, President of the Caribbean Development Bank, has warned member countries of the Caribbean Community and the Common Market (Caricom) not to enter into arrangements with third countries on their own. Mr. Demas did not mention any specific arrangements but he was believed to be referring to the recent trade and aid deals concluded between a number of Caricom states and Venezuela and Mexico.

UN reorganisation

A panel of experts which has been considering ways to restructure the United Nations to make it more responsive to modern needs, especially in the world economic field, has proposed the appointment of a UN Director-General for development and international economic co-operation. The report by the 25-member group also recommended revisions of the voting system in the World Bank and IMF to make those institutions more responsive to Third World nations.

Trudeau may back wage, price controls

By Victor Mackie

OTTAWA, May 22.

PRIME MINISTER Pierre Trudeau has disclosed that it is too early to say that his Government's plan to obtain a consensus from all segments of the economy in favour of a voluntary restraint programme for prices and incomes has failed. He indicated in an interview here that he may undertake personally to try and sell the programme of voluntary restraints.

The Prime Minister said that if mandatory controls were brought in now it would be attacking a real cause of inflation in Canada, "therefore it would be justifiable in that sense. But I'm far from certain that it would work and that's why I say it remains an option."

However he added that it was not a course of action that the Government is advocating or preaching.

Work restarts for Olympics

MONTREAL, May 22.

CONSTRUCTION WORKERS returned to work at the Olympic Games site to-day and the organisers said 14 working days lost through strikes could be made up before the scheduled opening of the Games in July 1976.

But the confidence of the organisers is not shared by members of the International Olympic Committee (IOC) meeting in Lausanne, who have asked them to consider alternative stadiums for at least two sports.

● Rhodesia was to-day expelled from the IOC because it did not conform to Olympic rules banning racial discrimination in sport, the IOC announced in Lausanne.

BAHAMIAN POLITICS

Recession hurts Pindling

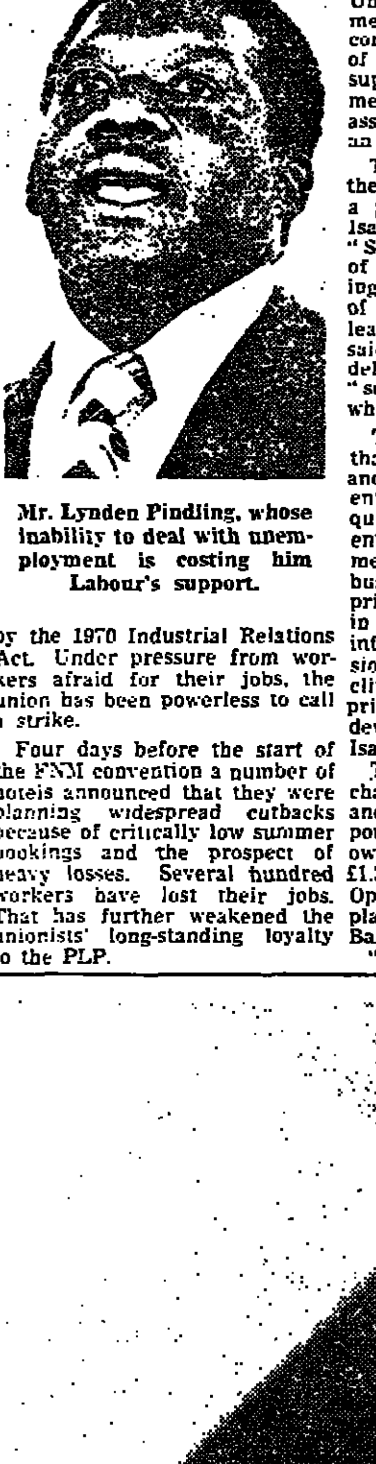
BY NICKI KELLY NASSAU CORRESPONDENT

THE Free National Movement has been making a comeback in Bahamian politics after being viewed by many Bahamians as something of a lost cause since its landslide defeat in the 1972 general election. Events, however, at this year's FNM convention have shown that support is growing for the opposition party.

Shattered by the election, the party was fragmented still further by the expulsion several months later of four of its nine Members of Parliament for disobeying party rules. One of the chief points of disagreement was the choice of a 50-year-old lawyer, Mr. Kendal Isaacs, as leader. He is a Cambridge University graduate who enjoyed a distinguished career as Attorney General before going into private practice and has shown little stomach for the internecine nature of party politics.

Having served as an independent Senator for five years, he ran for the FNM in the 1972 election, winning easily in the safe Montagu constituency. When the former leader, Mr. Cecil Wallace Whitfield, lost his seat, Mr. Isaacs remained the only one of the party's nine MPs with sufficient experience to serve as leader. Inevitably there have been comparisons between his reticent public appearances and the crowd-pleasing performances of his predecessor.

The division in the opposition ranks has provided little solace for the governing Progressive Liberal Party whose own internal differences were all too thoroughly aired at its convention six months ago. Rising unemployment, an upsurge in crime, disillusionment among the young, the alienation of organised labour, and allegations of corruption at the higher levels have contributed to the general disenchantment with the PLP. The government's apparent inability to deal with unemployment has slowly eroded labour's once-fervent support of Prime Minister Lynden Pindling's administration. But the telling blow came earlier this year when the Government permitted negotiations between the management of the national carrier Bahamasair and the Airline Workers Union to proceed to the point of agreement before vetoing a proposed 5 per cent. pay increase. That nullified the industrial bargaining process provided by the 1970 Industrial Relations Act. Under pressure from workers afraid for their jobs, the union has been powerless to call a strike.



Mr. Lynden Pindling, whose inability to deal with unemployment is costing him Labour's support.

Four days before the start of the FNM convention a number of hotels announced that they were planning widespread cutbacks because of critically low summer bookings and the prospect of heavy losses. Several hundred workers have lost their jobs. That has further weakened the unionists' long-standing loyalty to the PLP.

Invited to address the FNM convention, Mr. David Knowles, president of the 10,000-member Trade Union Congress, said many unionists felt betrayed by the PLP and were now prepared to work for its overthrow. "The country needs a party that can come up with a plan for the economic reconstruction of this country, and I believe that the FNM can do it," he said.

Mr. Knowles' support for the FNM was endorsed by the secretary of the Hotel Workers Union, Mr. Bobby Glinton. Both men blamed management and corruption for the present state of the economy, and pledged the support of the trade union movement, providing it could be assured fair consideration under an FNM Government.

The more surprising aspect of the union presence however was a personal endorsement of Mr. Isaacs as leader of the FNM. "Some have accused the leader of being too soft . . . of not showing enough stamina. But the day of loud and boisterous political leaders is past," Mr. Knowles said. What was needed, he told delegates, was a leader who is "sober, intelligent and knows what he is doing."

The FNM philosophy believes that an economy functions best and most efficiently under free enterprise system and that the quickest way to ruin economic enterprise is to allow the Government to compete with private business. "We believe that the prime duty of the Government in the economy is to provide the infrastructure on which expansion can take place, and the climate that would encourage private capital to invest so that development can proceed," Mr. Isaacs has said.

The Government's recent purchase of three hotels for £8.7m. and more recently the dairy and poultry assets of the American-owned Harrisville company for £1.3m. has been denounced by the Opposition as part of a calculated plan to force socialism on the Bahamas.

"The Government has muscled in on private enterprises by hassling, cajoling, deceiving, cheating, and systematically depriving bona fide owners of their lawful and constitutional rights," according to Senator Henry Bostwick, one of the FNM's more outspoken members. The FNM has also questioned how—short of further taxation—the Government proposes to pay off the loans for these and other financial commitments. Servicing the £68m. public debt is now the second largest item in the Budget. None the less Finance Minister Arthur Hanna has stated that the Government intends to borrow still further for other large scale ventures on the premise that the money is being spent for the public benefit.

The difficulty for the PLP is that it encouraged expectations it has been unable to fulfil. An attempt to Bahamianise too quickly in the early years led to a loss of investor confidence and a flight of capital which is only now beginning to make the slow return. The facts of Bahamian life now include 16-hour water cuts, the need to have an annual income of £7,800 to qualify for a low-income housing loan, and 29 per cent. unemployment among those under 20.

Adequate housing for thousands of poor Bahamians still remains the number one problem after eight years, and while the educational system has been expanded, the Prime Minister himself has admitted that many children still leave the Government schools unable to read or write and without any technical skill.

Labour disaffection represents a serious political and psychological setback for the Pindling administration. Reports of an early election have been repeatedly denied by the Prime Minister who says the Government intends to go its full term to June 1977. But unless there is a significant improvement in the economy before then, it seems certain the PLP will face a far more formidable Opposition when the Bahamian people next go to the polls.

Soares delivers resignation threat to AFM

BY JANE BERGEROL LISBON, May 22.

PORTUGAL'S SOCIALIST party will resign from the Government if the ruling Armed Forces Movement does not satisfy Socialist demands for participation in solving the country's most urgent political and economic problems. This was the ultimatum delivered by Dr. Mario Soares last night to President Costa Gomes and made public here to-day.

For the first time since the elections gave the Socialists a leading 38 per cent. of the country's votes, Dr. Soares has come into the open and posed the vital questions facing Portugal to-day. Among them, as he outlined them this morning, are the kind of Socialism Portugal wants for itself, freedom of the press, the future of Angola, Madeira and the Azores, the pressing economic crisis, the future of the nationalised sector and the place for private enterprise in Portugal.

The Socialists clearly have every intention of carrying out their threat to resign. Meanwhile, the two Socialist Ministers are boycotting Cabinet meetings, including the one being held here this afternoon. Significantly, despite rows in the past, the Socialists have held back from taking themselves outside Government. If they have now changed their tune, observers are wondering if it is because indications that the military are preparing an all-military Government of national emergency are now hardening into certainty. Such an all-military Cabinet could be justified on the grounds of the national economic crisis, but it would satisfy officers who are trying to rid themselves of the political parties whom they accuse of opportunism and of destructive, counter-revolutionary squabbling.

Both Dr. Soares and the Communist Party Secretary-General, Dr. Alvaro Cunhal, have commented on such an all-military Government in the past 24 hours. To-day Dr. Soares cautiously remarked that "an all-military Government would not necessarily mean a military dictatorship if it were to respect pluralism, freedom of the Press, the holding of municipal council and legislative elections and the terms of our pact with the military on the new constitution."

The bitter dispute over closure of "Republica," the socialist oriented afternoon daily paper, has faded into the background of the new political crisis to-day. The military supreme council of the revolution met again to-night after an all night meeting yesterday ended at 3.30 a.m. with the bringing forth of three new military appointments, one to the Supreme Council. Otherwise, time had clearly been spent in a harrowing and divisive discussion on what to do about Dr. Soares and the political parties. Both Dr. Cunhal for the Communists and Dr. Soares have condemned attempts to squeeze the parties out of the "mythical alliance of the armed forces movement and the people" as the Socialist leader described it this morning.

Efta assistance scheme

BY DAVID EGLI GENEVA, May 22.

EFTA trade ministers meeting here have agreed to assist the Portuguese economy in four fields:

- Tariff concessions for infant industries and a relaxation of the timetable for Portuguese tariff reductions on other products.
- Concessions on imports into Efta of selected Portuguese agricultural products.
- The establishment of an industrial development fund.
- Technical assistance.

The ministers agreed that their permanent representatives to Efta should study as a matter of urgency how these proposals could be implemented.

With regard to Finnish Government measures to correct the country's balance of payments situation, including the temporary imports deposits scheme, the ministers stressed such measures in the present world economic situation created problems for other countries, with the danger of an escalation of protective measures. Finland was urged to remove the import deposits scheme as soon as possible.

EEC moves nearer to pact with Canada

By Reginald Dale

BRUSSELS, May 22.

THE BRUSSELS Commission to-day proposed the opening of negotiations for a broad new economic and commercial pact between the EEC and Canada that would be the first such agreement between the Community and one of its major industrialised trading partners.

The Commission said the new pact should extend beyond the field of classical trade policy and provide for community-scale co-operation that would complement arrangements between Canada and individual member states. It could thus provide the framework for Community and Canadian industries "to promote joint ventures, exchange all relevant information, and facilitate contacts between industrial policy-makers and firms."

Details of the proposed new arrangement have yet to be worked out, but the Commission is envisaging the creation of a joint committee that would consult on economic matters and promote joint industrial ventures. The Commission is also extremely interested in negotiating some kind of assured access to Canadian energy sources and raw materials, such as forest products, metals and uranium.

Shelepin quits as trade unions chief

Mr. Alexander Shelepin's fall from grace was completed yesterday with the announcement by the Soviet news service Tass that he had resigned as head of the Soviet trade unions, writes David Lascelles. Like his departure from the ruling Soviet Politburo last month, yesterday's resignation was said to have been at his own request.

However, this seems highly unlikely. Soviet leaders have always been tenacious about power.

Also, the failure to announce a successor to the trade unions post suggests that the Kremlin is now facing a dilemma. The storm surrounding Mr. Shelepin's recent trip to Britain, when part of the trouble was that he had never been a real trade unionist, would seem to demand a successor with the proper qualifications acceptable to Western trade unionists.

Community jobless

Unemployment has eased slightly in most EEC countries, according to figure compiled for April by the Brussels Commission, but in Britain, excluding Northern Ireland, unemployment rose by more than 131,000 between March and April to a little less than 900,000. The Northern Ireland figure was up 34,268 to a little more than 40,000.

However, the U.K. rate, at 4 per cent., was still the lowest of any Community country, writes Reginald Dale from Brussels.

French output down

French industrial output in March was down 3.4 per cent. on the previous month and 9 per cent. lower on a year-to-year basis, writes Robert Mauthner from Paris. The National Institute of Statistics figures, however, do not represent the real trend, since they are badly distorted by the effects of the long Renault strike. Most experts expect a resumption of economic activity in the second half of the year.

Mediterranean ban

Japan is considering revoking permission to Japanese tuna fishing boats operating in the Mediterranean if they do not observe its ban on fishing during May 21-June 30, the Japanese Fishery Agency said yesterday.

Bonn 'Concorde' Bill

In what may be another blow to prospects for Concorde and its Russian Tupolev competitor, legislation has been prepared to ban supersonic civilian aircraft from West German airspace, AP-DJ reports from Bonn. In a written parliamentary reply, the Air Traffic Ministry said a draft Bill would be introduced soon.

SOVIET CAMPAIGN AGAINST DRINK

Workers drunk as lords

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

SOVIET party officials in the Tula region have a way with habitual drunks. The periodical "Journalist" reported this month that workers who cannot resist alcoholic temptations are taken in hand on pay day and delivered straight to their wives. The procedure, the periodical remarked, demanded the maximum tact, but it was necessary because absenteeism due to drunkenness was rising.

Unlike crime, which is usually said to be falling, drunkenness is one of the few serious social problems that get an airing in the Soviet Union. Almost daily the Press or broadcasting have something to say about it, which is probably why the matter is so well known abroad. But while the size of the problem may be gauged from the number of regulations to curb it, and institutions to cure it, or simply by counting the drunks in the street, statistics are hard to come by. The Russians stopped publishing most figures on the production and sale of alcoholic drinks in 1963, and for ethyl alcohol in 1970.

However, the Harvard Russian Research Centre has launched a special project on alcoholism in the Soviet bloc, and some of its findings have been published by Vladimir Treml in the latest issue of Soviet Studies.

The centre concludes that the Russians are the world's heaviest drinkers both of spirits and of intoxicating liquor in general. Expressed in alcohol contents, the average Russian of drinking age downs six litres annually, followed by the French and Americans who get to 4½ litres each. Also, the Russian's consumption is rising faster, by 5 per cent. a year against an average of 3 per cent. in 14 developed countries.

This enormous flood is taxed, yielding some 10 per cent. of all state revenues and more than a third of all taxes paid by the population. In money terms this means that alcohol tax more than finances the total official Soviet defence budget. In 1972, the last year when both figures were available, alcohol tax yielded 30.6bn roubles, against 17.9bn. spent on defence.

On the other hand, the social and economic cost to the Soviet Union of alcoholism is said to be very great. According to a Soviet demographer it may outweigh revenues from the sale of alcohol, making the Soviet economy the net loser despite the steady increase in alcohol taxes. Soviet experts have also noted unduly high male mortality in some age groups for which they say alcoholism is partly responsible.

Drink is blamed for poor labour productivity, divorce and violence. Car ownership has brought with it the new evil of drunken driving. According to the chief of the Motor Inspectorate, road accidents caused by drunk drivers increased by 10 per cent. last year.

What can the Soviet Government do about it? Visitors to Moscow will have heard of the city's efficient chain of sobering up stations. But though drunkenness is still frequently treated as irresponsible behaviour which a cold shower and a stiff fine will put right, more lasting measures have also been tried.

In the last few years the times and places for selling vodka and other strong drinks have been restricted, and the production of very strong brands of vodka halted altogether. At the same time planners were told to reduce vodka production in favour of wines and beer. The Government took the harsh step of ending free medical help for problems connected with drinking, and also abolished sick leave for alcoholic patients. At the same time the Ministry of Internal Affairs was told to expand facilities for the compulsory treatment of alcoholics.

But the failure of these measures to make much impact may be gauged from the most recent step, taken just over a year ago, by the Russian Federation (the largest republic in the Soviet Union). Under one of its decrees, chronic drinkers will be subjected to compulsory treatment and "rehabilitated through labour." The decree also ordered the establishment of medical-labour institutions where culprits could be confined for up to two years.

Your health? No! says a Soviet anti-alcoholism poster.

Regulations have been introduced to curb illegal distillation of samogon which is produced mainly in the countryside and could amount to over 1bn. litres a year. The legal production of vodka is reckoned to be just over 2bn. litres.

And lastly, prices have been put up, perhaps the most controversial of all the measures taken so far. The price of vodka and most other strong drinks have been increased sharply in the past five years, but not always quite openly. A new "improved" brand of vodka, costing more than the usual brand, recently found its way on to the market, and its predecessor gradually withdrawn, a manoeuvre which for all its subtlety did not go unnoticed. But the result is that shop-bought vodka now costs 4.12 roubles (about £2.50) for half a litre, an increase of a third since December 1971. In restaurants it costs much more.

However, just as cigarettes take only a temporary knock when duty is raised in Britain, Soviet drinkers have proved immune to price rises. With vodka consumption defying the higher cost and rising as before, the new prices must be taking their toll of family budgets and reducing demand for other goods. With so much of the State budget dependent on alcohol taxes, there is bound to be resistance from the Finance Ministry to sharp cuts of alcohol consumption until alternative sources of revenue have been assured.

One side effect of higher alcohol prices is a sharp rise in demand for sugar, the basic material for samogon. There is a glut of sugar in the Soviet Union because of its commitment to buy heavily from Cuba, but Mr. Treml believes that the Soviet Government will be forced to consider increasing the price of sugar soon if an overall campaign against alcoholism is to be effective. Meanwhile the Russians have started officially making alcohol from sugar to use up the Cuba stocks, even though this process is ridiculously expensive.

Another side effect is higher sales of Eau de Cologne, the Soviet equivalent of meths. A besmirched drunk in the gutter giving off the sweetest of odours is one of Russia's unforgettable sights and smells.

With the cold and bureaucracy to do daily battle with, Russians were heavy drinkers long before the revolutions of 1917—in fact the Tsarist budget was as heavily dependent on alcohol tax as the Soviet one. It is a matter of pride in Russia not to leave unfinished a bottle, if not a crate, only weaklings sip their drinks. Russians usually take mineral water with their vodka; supposedly it keeps the head clear, but it also enables drinkers to get more of the hard stuff down before they finally slide under the table.

Alcoholism can also be ascribed to the Government's failure to apply its measures effectively. As a recent letter to Literaturnaya Gazeta painting an appalling picture of drunkenness in a TB hospital showed, the ban on opening drink shops near medical institutions is widely disregarded. In this instance, vodka could be bought within 300 paces. Similarly restrictions on selling drink are frequently ignored by shop and restaurant managers with a sales target to meet.

Most Russian drinking is a very boisterous business which ends up in extravagant toasts to beauty, peace, and other less laudable things. I have personally been more frequently invited by drunks to make declarations of everlasting friendship than to fight, but one drunken companion in a restaurant car did become very angry when I declined to discuss English literature with him.

Nato Ministers fear defence cuts

BY MALCOLM RUTHERFORD, DIPLOMATIC CORRESPONDENT BRUSSELS, May 22.

NATO DEFENCE Ministers agreed here to-day that the military balance of power between East and Western Europe remains "tolerable," but warned that continued Soviet and Warsaw Pact defence efforts were reducing the Western advantage in some areas.

The Nato Ministers remain confident that the Western Alliance has a technological lead, especially in the field of tactical and strategic nuclear weapons, but are more concerned about the disparity between East and West in conventional forces. Even in this latter field, they believe that Nato still has a credible defence posture, but they fear that increasing financial pressures could lead to unilateral cuts by national governments in spending and manpower which would tilt the balance in the Soviet favour.

It is against this background that the Ministers are discussing proposals for standardisation of equipment and rationalisation of the defence effort, which are designed to provide the same level of defence without escalating costs. The desire for rationalisation is shared by the U.S. and the West European allies alike, but it is going to require a major effort on both sides of the Atlantic to put proposals for weapons standardisation into effect.

Mr. Roy Mason, the British Secretary of State for Defence, to-day formally asked the Americans for a commitment to what is known as the "two-way street" in arms procurement. It means that the U.S. should declare a readiness to buy arms in Europe in return for European purchases in the U.S. Mr. Mason was speaking as the chairman of the 10-nation Eurogroup which deals with armaments questions at the Defence Minister level.

There is little doubt that Dr. James Schlesinger, the U.S. Secretary of Defence, has given the commitment in principle and the Americans are at pains to say that they have nothing against it, but it still has to be translated into practical effect.

One particular case where national rivalries persist is the Airborne Warning and Control System (AWACS) which is being described as potentially the biggest Nato collaborative project ever undertaken. There is both a British and American system, but the alliance is expected to come down in favour of the American which is based on the Boeing 707 adapted to carry radar. The British, however, will continue work on their own system based on the Nimrod aircraft until the final Nato decision is taken.

Turks warn Kissinger on arms deliveries

BY OUR FOREIGN STAFF

TURKEY WARNED the U.S. to-day to resume arms deliveries quickly or risk imperilling relations between the two countries.

Foreign Minister Ihsan Sabri Caglayangil, speaking at the opening of a Central Treaty Organisation (Cento) Foreign Ministers meeting in Ankara, said that the U.S. arms embargo imposed in February created a "regrettable and dangerous situation." Failure to remove the ban, he said, could lead to "negative repercussions." The Turkish Minister was speaking in the presence of Dr. Kissinger, seated on his left on the rostrum in the Cento meeting hall.

Dr. Kissinger is known to feel that Washington has succeeded in winning several weeks respite before Turkey carries out its threat to start closing some of the 27 U.S. military installations on Turkish soil.

In his own speech to the meeting, Dr. Kissinger said: "We will make every effort for further progress in restoring our normal defence relationship with Turkey." The U.S. Senate narrowly voted on Monday to lift the arms ban, but House of Representatives approval is not expected until mid-June, if then.

Dr. Kissinger said that the U.S. was conscious of its responsibilities and that it would stand by its friends. "We meet at a timely moment when the U.S. is determined to reaffirm its ties to its allies," he told the meeting. "We know that the future of the world depends very much on our contribution and perserverence."

AP-DJ reports: The Soviet Union is to equip two Cyprus factories to produce sulphur and phosphorous for fertilisers, according to the Tass news service. The contract was signed by the Soviet trade organisation Techmashexport and Hellenic Mining of Cyprus, Tass said.

Russia protests against Genscher's Berlin visit

BY LESLIE COLITT BERLIN, May 22.

THE SOVIET UNION is stepping up protests against political ties between West Berlin and West Germany laid down in the 1971 *Four-Power agreement on Berlin*.

Mr. Piotr Abrassimov, Soviet Ambassador in East Berlin, has issued a statement condemning the presence yesterday in West Berlin of West Germany's Foreign Minister, Herr Hans-Dietrich Genscher, who accompanied U.S. Secretary of State Henry Kissinger on his visit there. The ambassador called Herr Genscher's four-hour stay a "serious violation" of the Four-Power agreement.

However, allied and West Berlin officials point out that the Berlin accord, while saying West German officials will not perform official acts in West Berlin, also stipulates that ties between the city and West Germany "will be maintained and developed." Visits by West German foreign ministers to West Berlin were a long-established practice before the agreement.

The Western Allies, who regard the escalation of Soviet objections as "childish and very possibly meant for East German ears," say there will be no sharp retort from the West.

The Soviet Union, in a recent letter to U.N. Secretary-General Kurt Waldheim, denied that the three Western Powers in Berlin—the U.S., Britain and France—had any rights left in all of Berlin, including East Berlin, or responsibility for the city as a whole.

In fact, the surviving remnants of Allied rights in East Berlin are not being challenged. Daily patrols continue by Allied military vehicles through East Berlin, and Allied soldiers enter and leave the Eastern Sector uncontrolled.

U.S. views on Spain opposed

By Our Own Correspondent

BRUSSELS, May 22.

THE U.S. and Western Europe clashed sharply to-day over the question of a possible link between Spain and Nato. The majority of Western European countries came down firmly against any form of Spanish association, however loose, with the Alliance, though there was some tentative support for the idea from West Germany.

Mr. Roy Mason, the British Secretary of State for Defence, said categorically that the idea was totally unacceptable to the British Government. Mr. Mason is understood to have told the meeting of Nato defence ministers that there could be no conceivable change in Western Europe's relationship with Spain until after the death of General Franco.

A majority of his European colleagues joined in saying that any attempt to build a bridge to Spain at this stage would be counter-productive.

The question had been raised by Dr. James Schlesinger, the U.S. Secretary of Defence, who suggested the possibility of a formal acknowledgement of the contribution of the bilateral U.S.-Spanish defence agreement to West European defence. The present agreement expires in September, and the Spanish authorities are seeking such an acknowledgement as part of the price for a renewal.

Dr. Schlesinger is asking for some reference to Spain to be included in the ministers' communiqué which is due to-morrow.

Reuter adds: Dutch Defence Minister Henk Vredeling to-day threatened that Holland would leave Nato if the Alliance opened any military facilities in South Africa. He said he took this stand in a restricted session of the Alliance's defence ministers.

Syria renews UN mandate

BY RICHARD JOHNS, MIDDLE EAST EDITOR

IN WHAT appears as a surprising show of moderation Syria yesterday announced its agreement to the extension of the mandate for the U.N. Disengagement Observer Force manning the cease-fire line on the Golan Heights for another six months until the end of November.

This prolonged mandate compares with the one currently approved by Egypt for the U.N. presence in Sinai, which is valid only until the end of July, and also the deliberate brinkmanship that preceded the eleventh-hour assent given last November by Damascus for the continued presence of the 1200-man force until the end of this month.

At one level Syria's decision should probably be seen as reflecting its continuing differences with Egypt over how to approach a peace settlement, in particular Cairo's reluctance to renounce the possibility of a second disengagement agreement with the Israelis reached bilaterally under U.S. auspices, despite the failure last month of Dr. Henry Kissenger's efforts to bring one about.

Also President Assad's government probably has concluded that Syria has nothing to gain for the time being from brinkmanship with Egypt and is clearly unwilling and unable to contemplate hostilities. Since before the June War of 1967 a basic axiom of Damascus-Cairo relations has been that Syria will not risk a military confrontation with Israel without a full assurance of Egyptian backing.

The more conspiratorial theory—that Syria might be attempting to induce a sense of false relief in Israel with a view to a sudden strike—is generally discounted among well-informed diplomatic observers who are also sceptical that it was prompted by Dr. Kissinger's recent talks with Mr. Andrei Gromyko, Soviet Foreign Minister. The presence of UNDOF could in no way prevent an attack by Syria; it would, however, make it more difficult in the international arena.

More plausibly the Damascus regime may have calculated that a six-month extension of the mandate would make it more difficult for the Israelis to provoke full-scale hostilities with the aim of destroying Syrian military potential before the new weapons received from the Soviet Union are fully integrated into the armed forces.

On the edge of the thin demilitarised zone the Israelis—like the Syrians—have built a formidable line of strongholds. Behind them on the strategic hills retained under the disengagement agreement a year ago are concentrated sophisticated electronic observation systems which would make impossible the kind of surprise assault that precipitated the October War.

Our Damascus correspondent writes: A Syrian Foreign Ministry spokesman informed reporters here that the Syrian Ambassador to the UN, Dr. Haissam Kelani, has received instructions to convey the decision to UN Secretary General Dr. Kurt Waldheim.

The announcement came as a surprise to Damascus diplomatic circles, who only a week ago were unanimous that Syria was unlikely to extend the mandate for more than two months.

"Our decision is to be understood as reflecting our sincere desire to establish peace," said a high-ranking Syrian official. He added: "This is a serious blow to those who always accuse us of being extremist. We want to give the diplomatic peace efforts now going on all chances of success before resorting to other means."

U.S. winds up aid missions in Laos

VIENTIANE, May 22.

THE U.S. GOVERNMENT has agreed to close down its aid missions in provincial Laos as a first step towards abolishing the whole U.S. Aid Mission in the country, it was announced to-day. The announcement by the Laotian Government spokesman came as student demonstrators continued to occupy the U.S. Aid Mission headquarters in Vientiane.

The students have accused the mission of harbouring Central Intelligence Agency (CIA) agents. The spokesman said the Cabinet decided yesterday that all U.S. aid missions outside Vientiane should be closed. The U.S. Embassy had accepted this.

He stressed that the Government still needed U.S. aid—which at $32m. a year is the mainstay of the country's economy—but in future Laos wanted the aid to be given directly to the Government.

The Foreign Ministry had also been asked to negotiate with the U.S. Embassy the revision of a 1951 agreement between the two Governments with view to closing down the U.S. Aid Mission.

At Savannakhet, in the South, student demonstrators are still holding six U.S. aid officials and their dependents under house arrest.

The students have presented a 12-point list of demands, including the immediate dissolution of the aid mission and the expulsion of all its American officials.

Reuter

MOZAMBIQUE

Frelimo's bankrupt inheritance

BY JANE BERGEROL, RECENTLY IN LOURENCO MARQUES

FRELIMO'S Political Commissar in the small northern bush town of Montepues grins. Sixty schoolchildren have just sung lustily about Mozambique's struggle for liberation, now won, in the courtyard of the former Whites Only boarding school. In another school building, primary school teachers from the Cabo Delgado area are in conference comparing notes on how to teach reading and writing.

Later, in the brand new hospital, Portugal's last investment here, Matron Judith Dias explains: "We have this beautiful new hospital, but no supplies. Last week we had no food for the patients, and no medicines, not even aspirin. We are just performing miracles." Matron Dias, a black Mozambiquan nurse, is waiting for Bulgarian doctors to arrive. Aside from running the medical service, she works for the Organisation of Mozambiquan Women. They teach the alphabet, cooking, sewing, and hygiene. An embroidery exhibition is on display.

At the former local headquarters of PIDE, the Portuguese political police, Frelimo party offices have been set up. There, we study maps of the area, showing Portugal's last half-hearted attempt to colonise this potentially rich agricultural area. The last 35 families of poor, and probably half literate, Portuguese came to Montepues in November, 1973. They were supposed to form a White barrier against Frelimo guerrillas entering from the nearby Tanzanian border. They lived in groups of whitewashed bush villages, *colonatos*, separated from the blacks in their strategic hamlets by a careful 500 yards.

The *colonatos* are all abandoned. "They were the first to go," says the young white Mozambiquan agronomist who is helping to build a co-operative farming system at Montepues, reducing the colonial emphasis on cotton and producing food enough to feed this heavily populated and hungry northern area. But the drought which produced famine in 1974 has extended through this last rainy season and severe food shortages are already appearing. In nearby Mapupulo, Felice Cangusa explains "we have finished the last supplies brought us by Frelimo. The women are pulling up unripe maize for the children."

'A soldier without politics is an assassin'
—Samora Machel, Frelimo leader.

The Blacks have no economic power. In the market they sell vegetables, but even plastic shoes and enamel cooking pots, the first wares of the African trader, can only be found in the Portuguese shops. In Porto Amelia's shanty district, Paquitequete, where Portuguese soldiers went on their nights off, Frelimo has already built two schools, simple palmleaf shelters with concrete floors, crammed with children by day and adults by night, learning to read and write. Many adults also go to militia courses. First they are taught politics, then how to handle a gun. "A soldier without politics is an assassin," says Sr. Samora Machel, Frelimo's leader and soon to be Mozambique's first President. The pattern is the same in Lourenco Marques.

In the short time it has had, Frelimo has achieved an enormous mobilisation of popular support, where it has had cadres enough to reach into the towns and villages and reassure some of the 8m. Mozambiquans that it is not the black terrorist organisation described for a decade by Portuguese propaganda. But many people are still uncertain and even afraid. The Whites, though an impressive number in the cities are behind Frelimo, in many cases are not helping to create a climate of confidence. Of the 120,000 Whites counted in the 1970 Census, around 80,000 have left, though many only temporarily, fearing a repetition of last September's riots and massacres.

Unemployment among the urban Black population has become a serious problem. Some workers have begun running small family businesses. Frelimo is helping rural workers to start co-operatives, but it will not be until the next planting that agricultural production can increase significantly.

The new Government inherits a country virtually bankrupt, senselessly poor, given its substantial mineral and agricultural resources, and politically uneasy after years of anti-Frelimo propaganda. The deleterious effect on Mozambiquans of the Rhodesia sanctions are at least focusing world attention on Mozambique's economic hardship. Aid has been promised by Britain and the Commonwealth to offset the loss of revenues from transit trade to Rhodesia, while China, Sweden, and the UN have all promised financial and technical assistance, with China in the lead.

South Africa is continuing to remit to Lourenco Marques in gold part of the pay earned by Mozambiquan gold mine workers. That remittance amounts to £1m. monthly at the official gold price, but can be turned into four times that amount by selling the gold on the free market.

Portugal's decision to continue shouldering the country's debts of £850m. (roughly half for the Cabora Bassa dam) until Mozambique can afford to take on some of the burden, is virtually all the financial assistance Lisbon is going to be able to offer in the next five years. But it is a substantial political and economic gesture, since it enables Frelimo to make the political stand it wishes against South Africa.

Pretoria had become convinced that it would be invited to join the new Cabora Bassa operating company, that its engineers would be asked to help, and that open South African aid would be acceptable to the Frelimo Government. That is clearly not to be. While mineworkers will continue to travel to work in South Africa until Mozambique can offer them a job, and while the Cabora Bassa electricity must be sold to South Africa (13 per cent. of its production would supply all Mozambique's own needs), Frelimo does not wish to encourage closer-knit links with Pretoria until radical changes end apartheid. At a political meeting in Porto Amelia, Frelimo makes the multiracial point: a commissar, tilting an imaginary cap over one eye, struts up and down imitating the town slickers. The crowd giggles. "Some of us," he says between struts, "pass the Whites in the street saying: 'You'll see, you'll see after June 25.'" There is a silence then: "Frelimo says no. We are going to build a multiracial society here."

Saudi Arabia unveils $142bn. programme

RIYADH, May 22.

THE SAUDI Arabian Government announced to-day a multi-billion-dollar economic development programme designed to turn the desert kingdom into an advanced nation in five years and minimise its dependence on oil as a source of income.

The plan, which will cost a total of Saudi Ryal 498bn. ($142bn.), aims mainly at giving a major boost to the kingdom's fledgling industry and agriculture and improving public services. It was approved yesterday at a Cabinet meeting chaired by King Khaled.

Announcing the details Hisham Al-Nazer, the State Minister for Planning, said the plan, which covers a variety of projects ranging from the construction of iron and steel works to the expansion of colour television networks, will give Saudi Arabia a place in the ranks of advanced nations.

"It aims at expanding our economy, minimising dependence on oil and places the emphasis on the industrial and agricultural sectors," Nazer said.

He said Ryals34bn. ($9.7bn.) were allocated for water projects, Ryals4bn. ($1.1bn.) for agriculture, Ryals6bn. ($1.7bn.) for electricity, and Ryals 73bn. ($20.8bn.) for education. The plan will raise the length of surfaced roads in the kingdom from 4,000kms. to 13,500kms., production of electric power from 3,364 megawatts to 4,538 megawatts and the production of electricity from desalination stations from 50 megawatts to 625 megawatts, he said.

Several new desalination stations will be installed on the kingdom's western coast raising the production of desalinated water from a daily 5m. gallons to 62m., and on the eastern coast from 6m. gallons to 58m., he said.

The number of schools will increase from 3,335 to 5,318 and the number of hospital beds from 4,100 to 11,400.

UPI

Japanese steel maker in unilateral price rise

BY CHARLES SMITH, FAR EAST EDITOR

KOBE STEEL, the smallest of Japan's Big Five steel companies, announced to-day that it was asking its domestic customers to accept an average rise of Y12,000 per ton in the price of steel. Other steel companies are likely to put in similar requests though the extreme diversity of the profit situation in the industry at present may mean that not all follow suit immediately.

Kobe Steel did considerably worse than any of the other major steel makers in the industry's last six-month business term and is understood to be "badly" in need of a price to cover (or partly cover) an estimated loss of Y.14,000 per ton on its domestic sales. At the opposite extreme, Sumitomo Metal Industries is riding high with greatly increased profits (up 125 per cent. in the last business term).

These are attributed to its dominance of the world market for seamless tubes for the oil industry. Sumitomo may not need a price increase at all on its domestic sales in order to remain profitable during the next few months, but the company is unlikely to stand alone in holding down prices if all the other major producers put them up.

When the Japanese steel industry raises its prices the lead is normally taken by the industry's largest company, Nippon Steel (which is also the world's biggest steel producer). The chariman of Nippon Steel however indicated a few days ago that the big five would be acting individually in seeking price increases this year because of their varying profit positions. Nippon Steel will therefore follow later. Though in the end it may match Kobe's request for a Y12,000 per ton rise.

Steel makers claim that their production costs rose by nearly Y9,000 per ton during the six months from September to March as a result of raw material price increases. However the profitability of the steel industry's major customers, the motor and shipbuilding industries is deteriorating at present under the impact of slack demand. A fairly tough negotiation is therefore expected with the possibility of eventual agreement on a two stage price rise. This could consist of a Y8,000 rise in the next month or two followed by a Y2,000 to 4,000 per ton rise later in the year.

New Australian code for foreign takeovers

BY KENNETH RANDALL

CANBERRA, May 22.

LEGISLATION to create a comprehensive new code governing foreign takeovers of companies in Australia was introduced into the House of Representatives to-day. It aims to give effect to a general policy announced last December and to replace an interim takeover law enacted in 1972.

The Acting Treasurer, Mr. Stewart, told the House to-day that the combination of existing laws and the application of subsequent policy by administrative action had worked reasonably well with the cooperation of both Australian and foreign interests affected, but the lack of comprehensive legislation had not been entirely satisfactory for either side.

Where the existing law covers only takeovers by means of share acquisition, the new code will extend to those affected by asset acquisitions and the takeover of mineral rights. It will also take in transfers of control from one foreign group to another.

The Bill also covers in detail various devices which have been used to get around the existing law—acquisition of non-voting shares, share-splitting, purchase of leases or licences over a business's assets, and arrangements on Board representation, management participation and profit-sharing. But in practice, according to Mr. Stewart, such ploys are no longer likely to be used under the comprehensive law.

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APPOINTMENTS WANTED

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HOME NEWS

No import duty on Japanese cars yet

By Terry Dodsworth, Motoring Correspondent

THE GOVERNMENT has decided not to impose an immediate import duty on Japanese cars. But it will have further talks with the British motor industry on its application for a dumping investigation against the Japanese.

This emerged last night after talks at the Department of Trade between Mr. Eric Deakins, the junior Trade Minister, and senior officials of the Society of Motor Manufacturers and Traders.

In a formal statement on the meeting, the DoT said it would give "very careful consideration to the application." But until the discussions with the industry were complete it was "not proposing to introduce a provisional charge to duty at this stage."

It is clear from the statement that the British industry still has some way to go in convincing the DoT that it should go ahead with an investigation of its case. This may be partly due to the shortage of time since the SMMT lodged its case just over a week ago, although the SMMT case is also believed to be somewhat complex.

If the DoT accepts an application for formal investigation, it can either impose an immediate duty or wait until the inquiry is completed. A decision for an immediate duty—a sort of deposit which can be reimbursed if charges are not proved—implies a strong prima facia case in favour of the applicant.

Subsidised

The Government has evidently not taken this view of the SMMT's evidence, which is based on the claim that Japanese cars appear to be subsidised in their own market since prices did not match the rate of wage inflation last year despite falling production.

Nor has the Government decided yet to proceed with an investigation, though it may well agree to do so after further talks.

It was not clear last night whether the DoT will want to talk with Japanese importers as well as representatives of British industry.

However, the importers—who are also members of the SMMT—are growing increasingly anxious to meet the Government. In the past few days the main importing companies, Datsun and Toyota, have become openly critical of the SMMT for failing to discuss the evidence it has presented to the Government.

None of the importers claims to have seen the document. Toyota Datsun and Mazda all complained yesterday that it was impossible to refute the case against them when they did not know what the arguments really were.

Fall in car output

U.K. CAR production in the last three months has fallen by 17 per cent., and commercial vehicle output by 9 per cent. compared with the previous quarter. But sales of motorcycles have continued to rise.

Car production for exports has been particularly disappointing on the quarterly basis. It fell sharply by 17 per cent. against a fall of 10 per cent. for home market production, according to Department of Industry figures.

On a monthly basis, however, there are signs that the export performance is improving. Last month production for export rose from 40,000 to 46,000, against a fall from 65,000 to 61,000 for home production.

Some of this improvement is due to the new Ford Escort, which has been promised substantial sales in Europe if the Halewood plant can meet the demand. The car is already being shipped to the Continent—where Ford claims that the Escort has already sold 35,000 since its launch in early April—although the plant is still only producing about 800 cars a day. Ford of Britain is anxious to step up production to over the 1,000 a day mark.

Rise in SE overseas income

By Margaret Reid

OVERSEAS EARNINGS of Stock Exchange broking firms rose a little in the final quarter of 1974 to £4.3m. against £3.2m. a year earlier. The increase is in spite of last year's tougher 25 per cent. surrender rule for overseas Sterling Area securities.

It has brought the total of this invisible income of the Exchange to £19.4m. for the whole of last year, against £17.9m. in 1973.

However, the level of commissions, at £1.8m. in the final quarter, remained well below the £3.5m. which it reached in January-March, 1974, before the Budget's surrender move, depriving British residents of the investment premium on sales of South African, Australian and other Sterling Area stocks. Total commissions in 1974 were some £0.3m. up at £9.1m., but were down on 1973 in the last nine months.

Nypro to spend £30m. on new Flixborough plant

BY RAY DAFTER

THE DEVASTATED chemical plant at Flixborough, near Scunthorpe, is to be rebuilt at a cost of about £30m.

Nypro (U.K.) announced its decision last night, prompting immediate support from the Transport and General Workers' Union. The company—jointly owned by the National Coal Board and Dutch State Mines (DSM)—said it was acquiring new land which would enable the units to be spaced at even greater distance than before.

"The layout will be in accordance with the best current practice of the chemical industry world-wide," said Nypro, which has applied for planning permission to build a plant capable of manufacturing 70,000 tonnes of caprolactam a year.

This time, the manufacturing process will be based on the phenol route rather than cyclohexane, the material involved in the explosion which killed 28 men a year ago.

The output of the plant will directly replace £40m. of imports, and will help to safeguard the long-term interests of the U.K. textile industry. Flixborough was the sole domestic supplier of caprolactam, an important ingredient for many synthetic fibres.

Nypro said it had heeded the comments and criticisms contained in the official report on the disaster. The organisation—particularly the engineering structure—of the company had been strengthened. A fully-qualified chief engineer had been appointed, and the number of engineers in the department increased.

"Internal procedures ensure that proper methods of design and testing are used at all times, and that management have efficient feed-back and control."

It is estimated that the project will provide direct employment for at least 450 people. When secondary employment is taken into consideration, the rebuilt plant should benefit 3,600 people of families in the area.

The rebuilding programme will provide jobs for up to 1,000.

Nypro emphasised that, as a result of the change of process, no great quantities of flammable organic liquids would be processed at elevated pressure and temperature.

Warning on steel price rise plan

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

ANY GENERAL increase in steel prices would depress the competitivity of British engineering industry and "lead to an immediate worsening of our grave economic situation," the British Iron and Steel Consumers' Council said last night.

The council was referring to yesterday's reports that Mr. Bob Scholey, the British Steel Corporation's chief executive, had disclosed that an all-round price increase was to be sought shortly.

But a statement from the corporation yesterday said it would only be possible to put up prices when market conditions improved.

In the meantime it would do everything possible to reduce costs, whether for raw materials or labour, and to improve productivity and efficiency, the corporation declared.

While welcoming this statement, the Consumers' Council maintained "the remarks made by Mr. Scholey would seem to indicate that the recent compromise agreement reached with the steel unions on manning levels at the corporation will not achieve the savings which would result from matching the size of the work force to the level of steel demand."

The consumers insist that steel users should not be expected to subsidise over-manning at the BSC via the prices they have to pay.

● The Iron and Steel Trades Confederation, the biggest manual workers union in BSC, yesterday decided to throw its full weight behind Monday's agreement for reducing labour costs.

After a detailed discussion, the union's executive decided to urge all members "to observe the conditions that have been reached."

Irishman buys Aintree

Financial Times Reporter

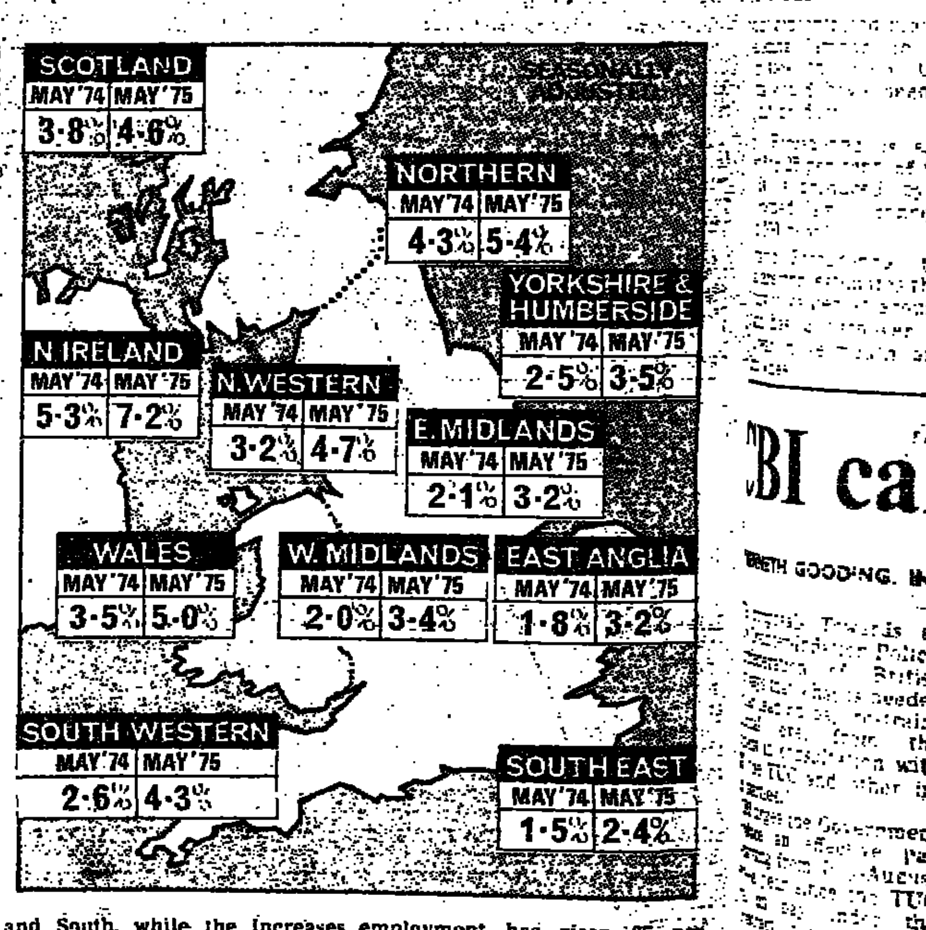
MR. PATRICK McCREA, an Irish racehorse owner and landowner, was named yesterday as the new owner of Aintree racecourse, home of the Grand National steeplechase. He is paying £3m. to Mr. Bill Davies' property investment company, Walton Commercial Group, for the 260-acre course.

This is the price Walton paid when it bought the course from Mrs. Mirabel Topham in April last year. Mr. Davies now feels that with the present state of the property industry, high building costs and high taxation, Aintree does not fit into his plans for company growth.

Walton approached Mr. McCrea, a rival bidder for Aintree on the previous occasion, only a few weeks ago and the deal was soon agreed.

Jobs shortage hits North hardest but the gap is narrowing

BY MICHAEL BLANDEN



THE WIDE regional differences in the levels of unemployment which have been a persistent feature of recent years continue, with the North of the country in general suffering more than the South.

There are signs, however, that the differences have narrowed, with the recent general rise in unemployment affecting the traditionally low employment areas rather less than those which have enjoyed a high level of activity. Leaving aside special factors such as the impact of North Sea oil on Scotland, it appears that the areas of "heavy" industry have been hit relatively less hard over the past year.

The figures for Scotland underline the considerable impact which has already been made on the economy by the new developments. Over the past year, the level of unemployment there has risen. But the increase, from 81,000 to 98,700 in the seasonally adjusted total of unemployed, excluding school-leavers and adult students, represents a relatively modest rise of around 22 per cent.

Pressure

This compares with a rise of some 49 per cent. for Great Britain as a whole. At the same time, the general sharp decline in the number of job vacancies available has hardly affected Scotland: the number notified to employment offices this month was 19,320, not many fewer than the 20,252 available a year ago.

Over the past month, the changes have not shown much variation from one area to another. For Great Britain as a whole, there was an overall 0.3 per cent. rise in the unemployed. Only Northern Ireland, not included in this figure, showed a bigger rise of 0.4 per cent.

The changes over the past year indicate that the main pressure has been felt in the Midlands and South, while the increases elsewhere, though substantial, have been below the average.

The biggest rise over the past year has been in East Anglia, where an 81 per cent. jump in the number unemployed has raised the proportion out of work from 1.8 per cent. to 3.2 per cent. The South-West, too, has seen a large increase of some 74 per cent. over the year.

West and East Midlands, where levels of employment have tended to be relatively high, have been hit with increases of 69 and 66 per cent. respectively. Perhaps the most striking figure, though, is for the normally easy South-East region, where unemployment has risen 65 per cent. in the past year.

Against this, the high unemployment areas of the North, North-West, Yorkshire and Humberside and Wales have seen less dramatic rises. In the North, the level of unemployment has risen by some 26 per cent. over the past year. In other high unemployment regions, increases have ranged between 40 and 49 per cent.

These areas still remain well above the national average, with the North's 5.4 per cent. unemployment rate second only to Northern Ireland's 7.2 per cent. and with Wales having 5 per cent. unemployment.

HOME CONTRACTS

£10m torpedo order

MARCONI SPACE AND DEFENCE SYSTEMS, a GEC-Marconi Electronics company, has received a production order worth about £10m. from the Ministry of Defence (procurement executive) for the supply of Tigerfish submarine-launched torpedoes to the Royal Navy.

★

WESTINGHOUSE BRAKE AND SIGNAL COMPANY has been awarded a contract worth £7.5m. for a major resignalling scheme by British Rail, Eastern region. The project will eliminate more than 50 signal boxes by 1978, when a new signal box, now under construction at Doncaster, will control trains on 175 route miles of railway, totalling about 320 track miles. The main route involved is the London Kings Cross-Edinburgh east coast main line, 84 miles of which will be controlled from the new Doncaster signalling control centre. Freight movement in the area covered by the new signalling is about 18m. tonnes annually.

★

BRITISH STEEL CORPORATION has received a £2,050,810 contract from the Northumbrian Water Authority to supply 10,250 metres of 1,220mm. and 10,250 metres of 914 mm. steel pipes for part of the raw water augmentation scheme on Teesside.

★

Contracts totalling about £1.561m. have been awarded by the NATIONAL COAL BOARD for telephone, lighting and signalling cables and for air and water, suction and gas welding hose. The cable contracts, amounting to £1.288m., are being shared by AEI, Birtley, Co. Durham; BICC, Leigh, Lancs; Pirelli General Cable Works, Southampton; and Ward and Goldstone, Salford. The hose contracts, worth about £273,000, have gone to Dunlop, Newcastle upon Tyne; and BTR Hose, Watford.

★

GEORGE WIMPEY AND CO. has won a £813,000 contract from Peterlee Development Corporation for the construction of four advance factories for its North West Industrial Estate, Co. Durham. Work has already started and is due for completion in May, 1976.

Laing plans staff cuts

By Michael Cassell

LAING OFFSHORE announced yesterday that it is to reduce its workforce at Hartlepool, but would not say how many of the 1,700 employees would lose their jobs. Shop stewards estimated that 400 could be involved.

The company emphasised that it hoped the cuts would be possible through natural wastage. The reduction was necessary because work had now been completed on the Graythorpe 2 platform for BP's Forties Field and the one remaining contract, a 25,000-ton platform for Burmah Oil Development, was less labour-intensive.

English Numbering Machines at Shiremoor on North Tyneside yesterday announced that its plant there would close in July, putting about 200 out of work.

The company's factory at Enfield, Middlesex, will continue to operate, although it is understood that there could also be redundancies there.

Vermouth sales boom expected to continue

By Kenneth Gooding

VERMOUTH SALES in the U.K. can be expected to continue their fast growth rate in spite of the post-Budget decline in most other drinks.

The view comes from Saccone and Speed, the wine and spirit offshoot of the Imperial Group, which has been for the past two years looking for another major brand with good growth prospects.

It has decided to launch into the £70m.-a-year vermouth market with the Riccadonna brand, second best seller in its native Italy and currently on sale in 80 countries including the USSR.

The wine based aperitif market in Britain is now significantly larger than the whole of the Spanish sherry market and showing healthier growth.

Last year Spanish sherry sales slipped 12 per cent. while those of aperitifs jumped 35 per cent.

Mr. David Gordon Smith, director of brand marketing at Clode Baker and Wyld, the new agency division of Saccone and Speed, estimates that the aperitifs will show a growth rate of at least 10 per cent. a year for some years.

Drive in SE

Around 5.5m. cases (of 12 bottles a case) of vermouth are sold in the U.K. Saccone reckons that in four years this will have risen to 7m. cases and its brand will be selling 500,000 of them—or 7 per cent.

In the first year Saccone will be spending £200,000 on advertising support for the Riccadonna brand—fairly modest in the context of the £1.2m. spent by Martini. The main drive will be in the South East where the bulk of vermouth is sold.

Saccone says vermouth appears to be being drunk regularly by a wider age group than most other drinks categories, and with less bias towards any single social class.

But women predominate as regular consumers and particularly the middle-class 18 to mid-30s age group.

Riccadonna has been on the U.K. market for some years and was previously handled by the F. S. Matta agency which is a Beecham subsidiary.

Matta has concentrated mainly on establishing Campari in the U.K. and took the view that Riccadonna would have been a rival to that product.

In Italy, Riccadonna is said to account for 25 per cent. of the market. It is produced by a privately owned family concern employing 300 people.

Dr. Ottavio Riccadonna, the managing director, estimates that his company is valued at around £6.7m., and has a turnover of £10m. a year in vermouth and sparkling wines.

Engineering orders show signs of levelling out

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

NEW ORDERS for the engineering industry, after falling steeply in recent months, showed signs of levelling out by February, according to the latest provisional trend estimates from the Department of Industry.

The total of new orders, however, eased down for the eighth successive month. There was a decrease of 1.5 per cent. in the three months to February.

The Department of Industry said yesterday that when price increases were large—as they have tended to be recently—the various problems associated with revaluation of the values of engineering sales and orders to constant prices "become more acute."

Because of these difficulties, the relative accuracy of the volume estimates "is likely to have been reduced in recent months."

Studies are being made, however, to see just what the possible directions and magnitudes of any biases might have been and there could be alterations to the trend estimates later.

The statistics, published in Trade and Industry magazine, continue to indicate that the engineering industry was well on the way to recession by February.

With sales outrunning orders, orders-on-hand fell by 4 per cent. in the three months to February, with home orders falling faster than export orders.

The 4 per cent. drop in home new orders was largely offset by an increase of 5 per cent. in export new orders.

The Department of Industry said that order books, although below the levels of mid-1974, were still high for engineering as a whole.

'Solvency our only salvation'

Financial Times Reporter

A call to the 50,000 members of the Association of British Chambers of Commerce to use their collective strength "to secure a sound economic policy" came yesterday from the Earl of Limerick, the ABCC's president.

Echoing the recent warnings by Lord Watkinson of a revolt within British industry if present policies were continued, Lord Limerick said: "When 50,000 worms turn in the same direction, they can move a mountain of earth."

Lord Limerick called for a return to national solvency, stressing the dangers of financing a large part of our consumption through external borrowing. He also emphasised that productivity was the only key to a higher standard of living and that nobody in the U.K. was "owed a living."

Turning to the forthcoming EEC referendum, he attacked the "cheap food" arguments put forward by the anti-marketeers, pointing out that we could only obtain cheap food at the producer's expense.

The Earl of Limerick's call for tough collective action was reflected by Mr. Nigel Mobbs, the ABCC's chairman in the association's annual report, published yesterday.

"The practicalities of business have been thrust into the middle of the political arena and a response is inevitable. I give notice that the response will be loud, clear and effective," he said.

Ministers undermining authority—Caldecote

BY MICHAEL CASSELL

SOME GOVERNMENT Ministers seemed determined to denigrate private industry, a move which could only destroy confidence and damage relationships between employers and workers, Lord Caldecote, chairman of Delta Metal, claimed in London yesterday.

He told the company's annual meeting that industry wanted to co-operate with government more than ever at "a time of national danger and distress." But when Ministers, whose job it was to support and encourage industry, spent their time undermining the authority of those running it and casting doubts on their intentions, co-operation of any kind became virtually impossible.

Industry, he continued, desperately needed the encouragement and re-establishment of confidence to enable it to serve the nation better, but that would come only from a clearer indication that the Government recognised the value of the private sector and from "sensible, moderate policies."

Lord Caldecote claimed that the country's overseas reputation was being hurt by the actions of certain Ministers, with foreign customers doubting the U.K.'s ability to deliver the goods. Ministers who made these attacks on industry's performance should remember that they were attacking the source of wealth on which everyone depended.

Inflation, he said, was roaring ahead, and would remain at unacceptable and dangerous levels if present Government policies were pursued and if Ministers remained "so obviously divided" on policies and action required to control it.

SW Insurance misses bonus on bond

By Eric Short

LAST YEAR'S drastic fall in investment values has forced Slater Walker Insurance to pass the bonus for 1974 on its Guaranteed Security Bond contracts. These are single-premium policies with no fixed maturity date and with a guaranteed sum payable on death. Bonuses are declared annually as a percentage of this sum plus any existing bonuses and a rate of 7¼ per cent. was declared for 1973.

The bonds may be cashed at any time and a high level of payment is guaranteed; for instance, after five years the return is at least the original investment together with all accumulated bonuses. The inherent potential liability with these high guaranteed surrender values has meant that the actuary has deemed it prudent to conserve resources earmarked for these contracts.

The company no longer markets these bonds, but over £4m. have been sold. All bondholders have been informed of the cut and the reasons for the decision, although there has been no public announcement. The 1974 bonus rate on the company's regular premium contracts has, however, been maintained at the previous rate of 7¼ per cent.

Plastics industry seeks curb on Japanese cars

BY RAY DAFTER

THE PLASTICS industry has been urged to press for anti-dumping duty on imported Japanese cars.

Mr. Ron Lewis, president of the British Plastics Federation, has called for pressure from members. He said that the imported Japanese cars contained more than £2m. a year of plastics components. This represented a substantial loss of business to the U.K. industry.

The overall imbalance of trade in cars between the U.K. and Japan was some £150m. last year. This was "intolerable," said Mr. Lewis.

"It is difficult to understand the U.K. Government's thinking when it appears that the U.K.'s largest automotive company has to be given massive financial assistance from public funds and the rest of the motor industry and its component suppliers—including the plastics industry—are suffering."

It was pointed out that each British car contained 35 kilos of plastics on average; whereas imported cars contained up to 70 kilos each.

CBI calls for clear lead on pay

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

IN ITS proposals Towards an Effective Counter-Inflation Policy, the Confederation of British Industry says that what is needed is "a clear lead on pay restraint at national level from the Government in consultation with the CBI, the TUC and other interested parties."

The CBI urges the Government to introduce an effective pay policy, starting from July-August this year—a year since the TUC guidelines on pay under the social contract succeeded the statutory policy.

"Only if there is a substantial reduction in the rate of pay increases will it be possible to reduce inflation and so remove the root cause of our economic and industrial difficulties," it says.

Strong policy

"Many commentators have reached the view that the need to avoid mass unemployment and a collapse of foreign confidence will mean that a strong policy on pay will have to be introduced at some stage in 1975.

"In the past, policies of both a voluntary and a statutory nature have frequently been adopted at short notice in similar, although hitherto less critical, circumstances. The CBI is fully aware of the strains and difficulties associated with the development and implementation of such policies.

"For example, the long term implications which follow a freeze have not generally been thought through. With these considerations clearly in mind the CBI feels that the time has come to put forward to Government and for public discussion a possible policy."

The main objectives of a new pay policy must be to reduce the rate of increase in unit costs to levels which would sustain and improve British industry's competitiveness and, eventually to reduce price inflation to acceptable levels, say 0-5 per cent., says the CBI.

Alternative

If possible, the reduction of inflation to tolerable levels should be achieved quickly, so that changing income differentials can again play their full part in encouraging employees to move to more profitable and competitive sectors of industry.

Short of severe legal controls, however, it will not be practicable to effect a reduction in inflation rates to levels of 0-5 per cent. at once. The alternative suggested is a process of reduction to achieve a similar aim, but which is phased over a length of time.

It is, therefore, proposed that there should be a stabilisation programme of, say, two or three years, the essence of which would be the phased reduction of pay settlement levels as time goes by.

In each year of the policy there should be an agreed "inflation target" figure, and derived from this target, a "pay limit." The inflation target figure will be reduced from year to year and the pay limit adjusted accordingly.

It would not be possible at the beginning of the programme to state figures for each year of the programme, since the annual revision would depend on contemporary circumstances.

The programme should run from July/August this year, the anniversary of the social contract. It should set out to involve the CBI, the TUC and Government. A policy developed out of consensus with the weight of all three parties behind it stands a much better chance of general acceptability and observance by bargainers and the public at large.

Table 1 sets out estimates of the increase in consumer prices from July 1975 to July 1976 forecast on the basis of pay settlements at different levels in the light of current circumstances.

Table 1

	%	%	%	%
Level of employment cost increases per head in the period ('pay limit')	5	10	15	20
Inflation in pipeline in July 1975	5	5	5	5
Contribution of employment cost increases and import cost increases to price increases in the period	1½	5	8½	12
Rate of inflation in the period ('inflation target')	6½	10	13½	17

Unit costs

It must be stressed that the need to hold down unit costs at plant and company level will entail that in many individual situations, lack of ability to pay will mean that lower pay settlements will be necessary. It is assumed throughout that other employment costs will increase by the same amounts as pay.

As the figures now stand, an inflation target of 17 per cent., would on reasonable assumptions require an effective pay limit of 20 per cent.; an inflation target of 13½ per cent. would dictate a pay limit of 15 per cent., and so on. Any allowance for exceptions or leakage would reduce the general pay limit.

The most effective pay policy should be as simple and flexible as possible. It is proposed therefore that, in each programme year, negotiators should aim to ensure that the increase in the average pay bill per head would, in a period of 12 months, not exceed the pay limit figure established for that year.

For each bargaining unit the calculation of the amount available for increases in pay would be based on a figure of x per cent. on the total pay bill per head, including fringe benefits, over the previous 12 months (excluding non-contractual overtime, national insurance contributions and employers' contributions to redundancy payments schemes), adjusted to offset the effect of absences from work from whatever cause.

This figure would be no higher than the ceiling of the pay limit figure and would depend upon ability to pay in individual situations.

Negotiators

Within this limit negotiators would be free to negotiate any amount or distribution of increases and the division between money increases and improvements in other conditions of employment.

The sole requirement would be that the resulting increase was not in excess of the limit. It would be for consideration whether to allow a specific sum for exceptions to cover particular circumstances where a judgment might be arrived at to suggest that strict observance would be impracticable.

A policy of this nature would have the virtues of clarity, familiarity and flexibility. However, it is recognised that negotiators would want and seek clear guidance on implementation. This would demand the drawing up of detailed advice to be issued with the approval of the CBI, the TUC and Government.

Such advice would need to be sufficiently detailed to assist in the achievement of sound anti-inflationary settlements at all levels. It would encompass technical matters such as the use of indexation in connection with the policy, and the development of patterns of pay differentials in a company consistent with the need to attract and retain certain types of manpower.

Sensitive and speedily responsive assessments of progress would also be required, not least to assist in the process of annual revision.

Effective

Summing up, the CBI says: "The Government is called upon to sponsor the development of an effective pay policy in conjunction with the representatives of the employers and the unions. This would have to be accompanied by a limiting of public expenditure by Government to lessen inflationary pressures.

"Further, improvements in productivity to keep down unit costs would require close attention at plant level; manning levels in particular would have to be closely scrutinised."

The CBI then sets out in seven points the policy it recommends.

1—There should be a long-term programme, say over two or three years, each year to run from July/August to July/August.

2—In each year there should be an agreed inflation target figure.

3—In each year there should be a pay limit figure derived from the inflation target.

4—The pay limit should represent the maximum allowable increase in the pay bill per head for bargaining units over a 12-month period: the actual figure for each unit should depend on ability to pay.

5—Subject to this limit, employers and unions should be wholly free to negotiate agreements appropriate to their own circumstances.

6—Detailed guidance should be provided for negotiators, and mechanisms to offer speedy assessments of the policy should be established by the Government.

7—The policy should be reviewed from time to time and at least once annually for the purposes of revision, to ensure steady deceleration in the pace of inflation.

Electricity manual workers accept 31% wage increase

BY ROY ROGERS, LABOUR CORRESPONDENT

THE 105.000 manual workers in electricity supply have voted overwhelmingly in favour of a 31 per cent. pay offer, effective from March 17.

They voted 66,000 to 22.000 in a secret ballot. the results of which were announced yesterday. for the proposed settlement, which was immediately concluded between the unions and the Electricity Council.

The agreement gives "new money" increases of £5.50 a week for unskilled workers, £6.50 for semi-skilled and £7.60 for craftsmen at a cost of 16 per cent. or £45.46m. on the industry's wages bill.

When added to an agreement last December consolidating £4 a week threshold payments and some bonuses, the deal takes average earnings 31 per cent. above the £46.34 level established a year ago.

To-day. the Electricity Council will resume negotiations with leaders of the Electrical Power Engineers Association, who have threatened industrial action unless the pay differentials of their 30.000 members are maintained.

They have already rejected an offer of increases totalling 20 per cent. at the top and 31 per cent. at the lower end of the pay scale, which under the offer would have gone to £2,600-£8,130.

According to the employers, this is made up of 16 per cent. "new money"—the same percentage as the manual workers—plus £4 a week threshold payments consolidated in November.

Despite lengthy negotiations between the EPEA and the Electricity Council earlier this week at which a revised offer was made, Mr. John Lyons, EPEA general secretary, said last night that there were still "wide differences to be resolved."

He told a meeting of EPEA members at Central Hall, Westminster, that he would make every effort to conclude a settlement to-day, but said that there had been "no effective improvement in the offer so far

Unless agreement is reached to-day, the EPEA executive is to send ballot papers out to members to-morrow asking for a mandate to call strike action if necessary to defend differentials. The ballot result is expected on June 9.

Industry Bill making CBI hysterical, Murray says

BY OUR LABOUR STAFF

THE CBI and the City of London were accused yesterday by Mr. Len Murray, TUC General Secretary, of hysteria over Government proposals for disclosure of information

Mr. Murray told the annual conference of the Inland Revenue Staff Federation at Folkestone: "It seems to me that the CBI and City are hardly in a rational frame of mind so far as disclosure of information under the Industry Bill is concerned.

"When people get emotional — hysterical even — as the CBI is doing about the information provisions in the Bill, you wonder what the underlying reasons for this hysteria are."

The best and most sensible employers were already providing much information to trade unionists—but the backwoodsmen were not, and were not likely merely to respond to CBI requests.

Was it seriously being suggested that trade unionists could not be trusted with information when merchant bankers and others could be? Or was the argument that information gave power and that the trade unions had too much already?

Those employers who still thought that their interests were best served by keeping work-people and their representatives in the dark about the problems and plans of their companies were out of touch with industrial reality.

"After all, we both have to operate in the real world—not a world of bogey men, but a world in which employers and trade unionists have to get on, and do get on, with their day-to-way activities."

CBI representatives sat with the TUC on bodies such as the NEDC, the Manpower Services Commission, the Advisory, Conciliation and Arbitration Service, the Industrial Training Board, and knew that trade union officials played a full and responsible part on them.

Were they expected to believe that all of this could happen sensibly at national level, and at industry level without any suggestion of impropriety, but that when parallel arrangements were suggested for company level all sorts of dire consequences would follow?

"Employers just can't spend half their time accusing unions of acting irrespansibly and the other half denying us responsibility," Mr. Murray said.

Some times it was argued—or at least implied—that workers "won't have a clue what all the information means in any case," yet he often found that trade unionists could give him a better idea about the state of a company than some members of the Board.

Technicians split over ITV strike to-day

By Our Labour Staff

SOME MEMBERS of the Association of Cinematographers, Television and Allied Technicians rebelled yesterday against their union's decision to black out independent television programmes by strike action over the week-end. Some companies may be able to broadcast as a result.

Technicians at London Week-end, Tyne Tees and Independent Television News said that they did not agree with the strike, and would work as usual.

Men at other companies were meeting later to discuss what course to take.

ACTT called for a strike from 6 a.m. to-day until 6 a.m. on Monday in support of its demand for back pay it claims was due at the end of the wage freeze. The companies have rejected the £800,000 demand, and say that if the strike takes place there can be no resumption of work until the union formally drops its claim.

Mr. Alan Sapper, general secretary of ACTT, said last night that the membership had overwhelmingly voted for the strike more than a week ago, and, if some men now decided otherwise, "they are going against the democratic decision by a majority."

Mr. Sapper said that he had the support of Post Office engineers who man independent television companies' transmitters, but did not rule out the possibility that some programmes might go out.

The employers had no comment last night, except to say that the situation was not clear, and that it was difficult to predict what would happen over the week-end until technicians turned up for work or not to-day.

Mr. Sapper would not say how he planned to deal with any rebellion.

Postal workers due for extra £5 a week from June

BY OUR LABOUR STAFF

POSTAL WORKERS expect to collect cost of living pay increases ranging between £5 and £8 a week between June and December this year as a result of their last pay agreement, which came into effect on January 1.

The wage pact gave them a rise of 19 per cent., plus threshold payments and it is from this threshold clause that the extra money in the last seven months of this year is expected.

The Union of Post Office Workers will be told in a report to be presented to their annual conference in Blackpool to-day that it is estimated that the Retail Price Index will rise by 25 per cent. this year.

Prediction

This would mean the equivalent of a 15 per cent. pay rise in stages for their 200,000 members between next month and the end of the year because of the crossing of the 10 per cent. threshold fixed in the agreement.

If this prediction is correct it would produce rises totalling between £20 and £32 a month between the end of this month and the beginning of next year when the union's next pay deal is due to come into force.

This would mean that during this year the postal workers would collect an increase of about 34 per cent., which is in line with some of the highest pay rises negotiated lately, and which have helped to make the inflationary crisis worse."

To-day, the conference will be asked to give the union's executive authority to lodge a new wage claim early next winter with the intention of it coming into operation on January 1.

Manoeuvre

The executive tells the 1,600 delegates in a report seeking room for manoeuvre: "To try to forecast the future at this stage is not possible. Events are moving fast. The rate of inflation shows no sign of slackening and the economic and political situation is uncertain."

The conference agreed yesterday from the beginning of October anyone who started work at the Post Office as a telephonist, postman, sorter or counter clerk would have to join the UPW. But the few thousand men and women already in these jobs who are not members of the union will not be compelled to join.

UPW leaders secured full backing for the policy and can now sign a closed shop agreement with the Post Office management on these lines when the Government's Trade Union and Labour Relations Bill becomes law.

Wembley football trains unlikely

BY OUR LABOUR STAFF

A RAIL union leader yesterday called for to-morrow's England-Scotland soccer match at Wembley to be cancelled and London Transport railmen said that nothing could persuade them to lift their one-day stoppage, imposed because they fear hooliganism.

The Football Association said that the match would go ahead in spite of the failure of Mr. Denis Howell, Minister for Sport, FA chiefs and transport police on Wednesday to persuade the railmen to change their minds.

Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, who stormed out of the meeting arranged by the Minister, telephoned Mr. Howell yesterday to say that his men men would not be working. An official said that the call had been amicable and the misunderstanding cleared up.

Rail union leaders have asked the men to work normally. Mr Ernie Geal, branch secretary of the NUR at Neasden, near Wembley, said: "Nothing anyone says would make any difference." About 650 men on the Bakerloo and Metropolitan lines would stay at home.

"I wrote to Mr. Howell some time ago suggesting that the match should be moved to Scotland. He said it was not possible."

It was a member of Mr. Geal's branch, Mr. Joseph Wirenko, who two years ago was assaulted by football fans down for the England-Scotland match. He is still off work. Mr. Geal said that he was almost blind in one eye and suffered from a head injury.

Police called as pickets attempt to stop lorries

POLICE were called to the premises of the Sharman Newspaper Group, Peterborough, yesterday after a series of incidents involving pickets outside the main gate.

More than 30 men, many of them printing workers dismissed because of a dispute over the installation of new equipment, attempted to stop delivery vehicles from leaving and entering the factory.

Mr. John Ibbotson, a national officer of the National Graphical Association—who represents the 42 dismissed men—was slightly hurt in an incident involving one vehicle. A picket was carried a few yards on the bonnet of another vehicle.

The union claims that its members have been locked out, but the management says that the men terminated their own employment because they refused to work normally after the introduction of new equipment

Office staff are helping to produce the group's weekly newspapers, which are due to be published to-day.

The Midland Sunday newspaper, the Sunday Mercury, will not be printed again this week for the third successive time. Pay talks yesterday between the management and the NGA failed to end the dispute, part of national industrial action against the Newspaper Society.

Barbara Castle makes social services plea

BY LORELIES OLSLAGER, LABOUR STAFF

MRS. BARBARA CASTLE, Social Services Secretary, has sought the Prime Minister's permission to make her own contribution to the Government's campaign for wage moderation.

Mrs. Castle, who is afraid that curbs on public expenditure will hit the social services, wants to appeal to workers not to jeopardise the services by high wage demands.

A draft pamphlet setting out her argument has been prepared for her with the help of Mr Hugh Cudlipp, former chairman of the International Publishing Corporation and former editor of the Daily Mirror.

She has told Mr. Wilson that she wants to publish it as soon as possible to influence future pay claims and, perhaps, also pay talks under way.

The pamphlet was written before the Chancellor disclosed the Government's new tough line on public expenditure in his Budget speech last month, but subsequent events have only strengthened Mrs Castle's case.

Free schools

The draft pamphlet says that before the Budget, a man with two children earning £50 a week paid £11 a week in taxes and national insurance contributions, and another £8 on rates and purchase tax. He received services worth £27 a week in the form of housing subsidies, free schools, medical care and social security entitlement.

The future of the social services depended partly on how much Britons were prepared to pay in taxes without asking for wage rises to compensate for taxation.

Strike halts Westland

BY OUR LABOUR STAFF

HELICOPTER production of Westland Aircraft at its factory at Yeovil, Somerset, is at a standstill because of a pay strike by the 2,200 workers.

The men are seeking a 15-16 per cent. increase on earnings, which average about £60 a week, and have rejected the company's offer to introduce guaranteed minimum pay of £50 a week because, according to union officials, it would not give them an actual increase.

The company has calculated that the offer would increase the average earnings of a skilled man by about £3 a week. It is also offering a 1 per cent. rise for each percentage increase in the cost of living after the Retail Price Index has risen 9 per cent. above its level at the time agreement is reached.

The basic disagreement appears to be over the company's demand for a restructuring of the piece-work system, which the unions want to negotiate later.

Much of Westland's helicopter production is for export.

Union claims 40% for ICI engineers

By Our Labour Staff

IN ITS DRIVE to win sole negotiating rights for ICI's engineering staff, the white-collar section of the Amalgamated Union of Engineering Workers has asked for a 40 per cent. pay rise for the 1,700 men involved.

AUEW's Technical Administrative, and Supervisory Section (TASS) is allowed to represent the engineers, but cannot negotiate on their behalf.

The Association of Scientific, Technical and Managerial Staff is also recruiting among ICI white-collar workers, and has gained negotiating rights for the 7,000 scientific and technical staff.

No union has negotiating rights for any other section of the white-collar staff. The company will therefore make no formal reply to the TASS pay submission.

Editor v. NUJ case settled

A LEGAL action brought by Mr. Alastair Hetherington, editor of The Guardian, to stop a committee of the National Union of Journalists hearing a complaint against him, was settled on agreed terms in the High Court yesterday.

Mr. Hetherington, an NUJ member for 30 years, sued seven members of the union's Central London branch, alleging that they appeared to have prejudged the issue and that he would not receive a fair or impartial hearing.

Announcing terms of settlement, Mr. Richard Scott, QC, told Mr. Justice Oliver that Mr. Hetherington had agreed to waive any claim for costs and damages estimated at £1,500.

The union had agreed, as a reciprocal gesture, to contribute that sum to the NUJ Widow and Orphan Fund.

The union also agreed that the complaint against Mr. Hetherington would be reheard by a committee composed of union members drawn from other branches. The complaint was originally heard in his absence last October.

هكذا من الأصل

Next week's Co-operative Congress will be asked to approve more proposals aimed at a national federation. Sandy McLachlan reports

The Co-op tries again for more co-operation

ON TUESDAY the Co-operative movement opened its 10th superstore at Failsworth, near Manchester, and apart from registering yet another step by the Co-op along the hard road to modernising its retailing image, the Failsworth store also represents a new departure. The 60,000 square feet store is the first to be built by a development agency whose shareholders include a number of individual retail societies in partnership with the Co-operative Wholesale Society.

The CWS is meeting half the bill for the new store and, in return, it has handled the design and building and will be the biggest single shareholder in the enterprise with 30 per cent. of the equity. The other shareholders in South East Lancs Development Agency (SELDA) are 13 local Co-op societies, all of which can expect their existing businesses to be affected to some degree by the new store.

Finances

These co-operatives within the Co-op movement—another two exist to build stores in *the East and West Midlands*—represent an important step towards centralisation of the movement. For years the idea of a merger between the CWS and the Co-op Union (which is the movement's central co-ordinating body) has been under discussion as have plans to reduce the 230 or so individual societies to 26 regional groupings, but so far little of concrete importance has been achieved. Both subjects will be discussed again at the annual Co-op Congress (the movement's "Parliament") which starts next week in Edinburgh.

The de facto identification of common interest therefore is likely to make most of the running for the time being, and a lot of people within the Co-op movement are pleased that developments in retailing methods are contributing towards this end. Only the biggest of the individual societies can hope to develop superstores on their own, since only they have the financial resources required and a big enough territorial spread not to damage the business of other societies by pulling away trade from existing town centre locations to new and considerably cheaper off-centre sites.

The need for a closing of the ranks within the Co-operative movement is one which has been widely recognised by at least the majority of the people involved. Although the Co-op is still a social and political animal and clings jealously to these aspects of its activities it is primarily a trader, and as such it has to compete in the market place with efficient and aggressive multiple retailers who are able to control the *operation of their retail outlets* in considerable detail from a central head office.

In contrast to companies like Sainsbury and Tesco there is no single central power concentration within the Co-op movement. The CWS, which bills itself as the country's tenth largest business, has the financial musclepower and the *expertise to reform the Co-op's* retailing image and to bring it into line with modern day requirements. But the CWS has to rely on persuasion—usually of a commercial nature like national marketing strategies, financing, and discounts to persuade retail societies to fall in with its plans.

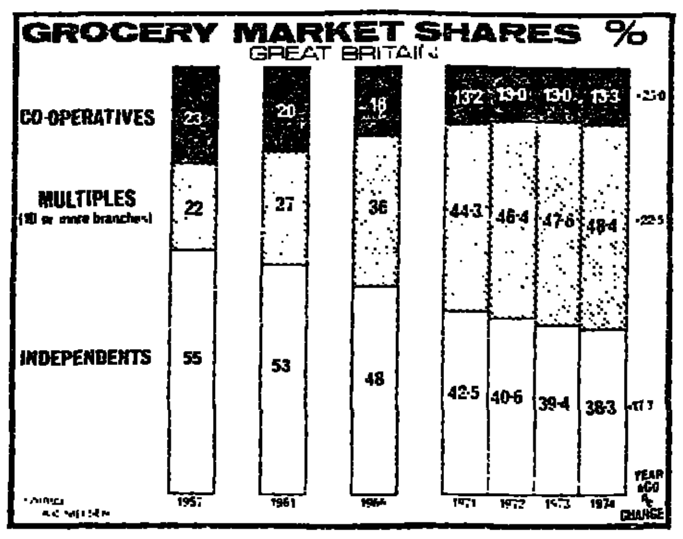
To this extent the CWS acts very much in the same way as a voluntary group head office. The parallel is not exact however since in the final analysis the CWS is owned by the retail societies which it is trying to influence.

The Co-op Union, on the other hand, is a parliament without power or executive authority and has no real method of implementing decisions which are taken at Congress. The net result is a movement with two voices — although close co-operation between the CWS and the Union often manages to get the voices talking in unison—and a good deal of duplication of effort.

The almost federal structure of the Co-op movement and consequent lack of strong central direction has been sadly reflected in retail trading results. The CWS operating as a commercial venture has grown in strength and in 1974 notched up sales of more than £900m, and had a trading profit of more than £11m, but the share of the retail trade held by the retail societies has declined steadily for most of the post-war period.

Slipped

The grocery trade is by far the most important part of the Co-op retail sales, and A. C. Nielsen figures show that between 1961 and 1973 the Co-op share of the grocery market slipped steadily from 20 per cent. down to 13 per cent.



But with substantial non-food sales as well, ranging from drapery and menswear through electrical goods and hardware to coal and fuel deliveries and pharmacies, the Co-op movement is still a substantial retailing force. The turnover of the retail stores in 1974 is estimated at around £1.7bn, and the Co-op Union estimates that this means the first gain in market share by Co-ops for the last 18 years.

This gain has not been achieved fortuitously, but by considerable effort on the part of both the CWS and the retail societies to adapt the trading *formula to modern needs.* The ten superstores and a further 18 large stores in off-centre locations which just miss the superstore definition on grounds of insufficient size form only one example of now the Co-op is coming to terms with the retailing environment.

But while big stores are being built many small stores which are the least efficient in the movement have been closed. Between 1972 and 1973 the number of Co-op retail outlets fell by almost 900 to 13,500 and that figure includes 10 new big stores and a doubling in the number of specialist freezer centres to 65.

The CWS has also given financial backing to "Operation facelift" which was a concerted effort to improve the image of Co-op supermarkets and stores and to standardise the logo. This effort has been backed up by national advertising and marketing campaigns which have been successful in their aim to attract the younger shopper to the Co-op to supplement the traditionally loyal shopper in the upper age brackets. The old "divi" has been replaced by trendier trading stamps which in many areas are also available from non Co-op garages, and the entire wholesaling network has been trimmed down from 250 units to a carefully planned regional network of 28.

In line with the CWS initiatives there has also been a steady trend towards the reduction in the number of retail societies. Some have merged while others have fallen on bad times and thrown in their lot with Co-operative Retail Services which specialises in pulling round ailing societies and getting them back to profitability.

In 1941 there were more than 1,000 individual Co-op societies, and 10 years ago there were stil 704. To-day this figure is down to 230, and although that is still a long way from the drastic regionalisation programme proposed under regional Plan 2—which allows for only 26 regional groupings—it has undoubtedly been a factor in helping to streamline the movement.

Regional Plan 2 was first approved by Congress last year, and some progress has already been made towards setting up the machinery by which it can eventually be put into operation. Most of the regional group councils required to implement the plan have now been set up, but progress is likely to be slow from now on. Although the plan is accepted by both the CWS and the centre executive of the Union there is a number of individual societies not keen on the idea since it will mean loss of independence and they will delay the plan for as long as possible.

Essential

The creation of a single National Federation, considered to be essential in the long term if the Co-op is to sustain or improve on the recovery in its trading position, could take even longer. The resolution before Congress this year simply seeks to authorise the central executive to establish a special committee. The committee would be composed of three representatives of the central executive, three from the CWS Board and three elected representatives from retail societies.

Should the resolution be passed, the Committee will be required "to consider and report to the 1976 Congress on ways and means by which a single national federation could be created to replace the Co-op Union and the CWS." But even this relatively mild proposal has attracted three amendments each aimed at watering it down still further.

The collapse of the Scottish Co-op and its rescue by the CWS and the Co-op Bank has removed one of the biggest stumbling blocks on the path to a national federation — the claim that the CWS based in Manchester was not a national organisation, and prior to its troubles the Scottish CWS was opposed to any merger.

The merger has solved that particular problem, but the existence of Co-operative Retail Services (CRS) does pose a difficulty as far as the regionalisation plans are concerned. Since CRS is prepared to take on societies in trouble wherever they are, it has effectively become the one nationally organised Co-op retailer with stores dotted about all over the place, and it is hard to see how CRS in its present form can be incorporated into Regional Plan 2.

Problems such as this should not prove insuperable, however, and indeed probably must not if the Co-op movement is to develop its retailing activities to match the challenge of the 1970s and beyond in line with its manufacturing and wholesaling business.

PARLIAMENT

Wilson recalls Tory record

Show courage in fighting inflation, says Mrs. Thatcher


Mrs. Margaret Thatcher

THE REAL CAUSES of inflation were not economic but social and political, said Mrs. Margaret Thatcher, Opposition leader, opening the Commons economic debate yesterday.

Inflation was caused by Governments through rapidly rising public expenditure beyond what the taxpayer could afford, and through groups of people who tried to get more out of the economy than it produced, she added.

Other countries had been able to tackle the problem successfully. There had been a price to pay—a check in growth and a rise in unemployment in some countries, though not all. But while the situation was improving elsewhere, ours was still getting worse.

Mrs. Thatcher warned that unemployment might reach one million before the end of the year. The Government was powerless to do anything about the situation. "All they can do is sit and wait for the world economy to expand, hoping that some increase in business will come our way.

"You cannot build a healthy and lasting balance of payments on a foundation of declining production and runaway inflation."

The fundamental reason for the Government having to borrow too much money was public expenditure, which now amounted to 60p in the pound of the national income.

Mrs. Thatcher was moving a Commons motion that the House was gravely disturbed by the "total failure" of the Government's policies to curb an accelerating rate of inflation.

It urged the Government to abandon its "damaging plans for further nationalisation, to take immediate action to cut public expenditure and to secure a reduction in the level of pay settlements."

The motion said that these were essential parts of a programme designed to restore confidence and promote the economic recovery of the nation.

The Government had no alternative to cutting public expenditure, because it could not get enough from tax and would not be able to borrow enough on a sound financial basis. She urged the Chancellor (Mr Healey) to implement cuts of £1.1bn. now.

Conservative policy was to bring forward the public spending cuts, reduce some of the £260m spent this year on subsidies, and not pursue measures such as the Petroleum and Submarine Pipelines Bill, nationalisation of the aircraft and shipbuilding industries and the Community Land Bill.

Money should not be doled out endlessly to enable nationalised industries to run up bigger and bigger debts.

The country was also suffering from a failure of the social contract to curb wages and prices. When the Government came to power, increases in the cost of living and wages were approximately the same but now the wage rate increases over the year were 32 per cent. and prices had risen over the year by 21.7 per cent.

The Prime Minister, Mr. Harold Wilson, intervening, said Mrs Thatcher would be aware that many of the increases last summer resulted from things done by her Government.

Mrs. Thatcher said that if increased wages were soon reflected in prices it would be found that the social contract became an engine for inflation, and not something for curbing it.

"The Prime Minister's policy is to nationalise more, then to spend more, and then, consequently, to tax more, and then borrow more.

"When confronted with a really tough situation, he retreats. Not for him the long-term strategy which would lead us to a flourishing industry. He prefers the short-term expedient which gets him through the day without too much difficulty. That is his strategy."

Labour MPs joined in Tory cheers when Mrs. Thatcher declared "This is not the time for talk, talk, talk. This is the time for action.

"The Government is in a position to give that action if it has the courage and determination. If not, the people will continue to suffer.

Mr. Wilson, replying, said that in the fourth quarter of 1973, under the Conservatives, the visible trade deficit was £976m.—an annual rate of £3.9bn. When the oil price crisis arose, the Labour Government faced the prospect of a £6.5bn. trade deficit.

In fact, during the first four months of 1975, the U.K. deficit including oil had been £972m.—an annual rate of £3bn., a substantial improvement on the last quarter of 1973, when increased oil prices had hardly worked through.

Mr. Wilson: "We have been in surplus on our non-oil visible trading account as compared with the deficit we inherited."

Mr. Wilson said that there was a substantial surplus in our invisible trade balance and when account was taken of that, our deficit this year was £492m.

Our current account deficit this year, including oil, was running 25 per cent. lower than in 1973 when the oil price increases had had no significant effect. "That is a considerable improvement."

The current account deficit had been cut by over 60 per cent.

Mr Wilson said that we could also take encouragement from export/import volumes. We had maintained our export volume at a time when world trade volume was declining. This meant that we were maintaining, or even improving, our world volume. At the same time our import volumes had been falling.

In 1974, the EEC had taken more than one-third of our exports which was more than the rest of Europe and North America together.

It was particularly important to turn the OPEC countries, monetary surplus into extra trade with us. Opportunities were clearly there provided we could shift the necessary resources into exports.

Our trade with OPEC had increased by 40 per cent. The Trade Secretary (Mr. Shore) had reported to him that, while our goods fully met requirements on prices and quality, they fell short on availability and delivery performance.

The improvement in our exports to oil-exporting countries was an essential component of a fair and balanced picture of how Britain was meeting the challenge which hit us so hard 18 months ago.

Prospects for trade with Russia were even better now than when the trade agreement was signed three months ago.

The Prime Minister, rejecting a statutory control over wages and other incomes, stressed the need for greater voluntary responsibility about the kind of settlements which the country could afford. "Above all, it means more concern to be shown by some who are in a position to exercise their industrial muscle.

Mr. Wilson said the textile industry was going through one of its most virulent cyclical depressions. "This depression is the most violent which has hit some of the industries and businesses concerned since 1931. It has world-wide repercussions.

"The Government has given the most urgent and careful study to the problem and I hope to make a statement to-morrow about the actions we propose.

"For reasons I will more fully explain to-morrow, I shall not be announcing controls over imports but I shall be informing the House of other action we propose to take which will be of more direct and immediate help to the industry and more appropriate to the nature of the problem."

Mr. Wilson said there was no reason why the process of discussion between the TUC, CBI and Government, which he suggested ten days ago, should not begin soon. When such a system was fully working all the parties involved, would be able to consult on economic matters each year.

After listening to Mrs. Thatcher's speech he was no clearer about what cuts she would make in Government expenditure.

Accusing the Conservatives of evasion in not explaining their motion, Mr. Wilson pointed to extra financial burdens he saw in various items of Conservative policy. "The Opposition put the motion down. It is right that their hollow pretensions should be exposed to the House."

The Government had been attacked for its agreement to differ over the Common Market. But the Opposition's agreement to differ with its previous Government was a continued phenomenon.

Amid loud laughter from the Government benches, Mr. Wilson said: "We really have seen a precedent in the martime history of this country—where rats leave the ship after it has sunk."

Steel hands over as Liberal Chief Whip

By Richard Evans, Lobby Correspondent

MR. DAVID STEEL, Liberal MP for Roxburgh, Selkirk and Peebles, is to relinquish the post of Liberal Chief Whip immediately after the referendum. Mr. Cyril Smith, MP for Rochdale, has been appointed in his place.

The change has been expected for some time because of Mr Steel's wish to spend more time campaigning, writing and broadcasting. He will concentrate particularly on electoral reform and Scottish devolution.

Mr Steel, who entered the Commons after a notable by-election victory in 1965, has also been asked by Mr. Jeremy Thorpe, the Liberal leader, to take on specific party tasks from time to time.

Mr Thorpe said last night that he entirely understood Mr Steel's wish to devote more time to political campaigning, but after a five-year partnership his decision would be a great wrench.

"I have no doubt that he will bring as much credit and success to his new role as he has to that of Chief Whip," he added.

Inflation rate 'typing error'

By John Hunt

MRS SHIRLEY WILLIAMS, Secretary for Prices and Consumer Protection, has denied allegations from Mrs. Sally Oppenheim the Conservative spokesman on prices, that she had been trying to disguise the true rate of inflation.

Mrs. Oppenheim had written to her wanting to know how she had arrived at a figure of 25.6 per cent. for the annual rate of inflation based on statistics for the first three months of the year. She pointed out that Mr. Robert Maclennan Under Secretary for Prices, had later given a higher figure.

In a letter of reply, Mrs. Williams says that Mr. Maclennan's figure of 26.6 per cent. was based on nothing more sinister than a typing error. The figure of 25.6 per cent. was the correct one.

Debate on runaway MP after recess

By Richard Evans, Lobby Correspondent

THE FUTURE of Mr. John Stonehouse, runaway MP for Walsall North, will be debated by the Commons in the week Parliament returns from the Whitsun recess, Mr. Edward Short, Leader of the Commons, announced yesterday.

The debate, based on the recent report of a Select Committee which recommended the expulsion of Mr. Stonehouse unless he returned to Westminster to explain himself within a month, will be on Thursday, June 12.

After the announcement, Mr. George Strauss, chairman of the Select Committee, told the Commons that he had just received a further letter from Mr. Stonehouse. Although this did not seem to alter the situation he intended to publish it before the debate in fairness to Mr. Stonehouse.

Mr. Short added that if there was any change in the situation he would reconsider the timing of the debate, which could decide on moves to expel Mr. Stonehouse later this summer.

The present situation is that Mr. Stonehouse, in Australia facing extradition proceedings for fraud, forgery and theft, has announced his intention to return to Britain for meetings of his Walsall North constituency party on June 11 and 13.

Blue whiting 'promising'

RESEARCH on non-traditional species of fish suggested that the blue whiting was the most promising for commercial exploitation, Mr. Fred Peart, Agriculture and Fisheries Minister, told the Commons yesterday.

Mr. Peart, who had been asked about deep water fish prospects in Britain's coastal waters, said there were large stocks of the fish. "It produces a very good fillet but it is rather small."

Mr. Stephen Ross (L., Isle of Wight) suggested further investment should be put into fish farming where normal types of fish such as sole and plaice were being produced quite easily.

Mr. Peart replied: "I would agree with this but it must be a commercial proposition which would have to be taken basically by private individuals."

Wilson bids to allay Left fears on postal votes

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. HAROLD WILSON yesterday set himself to allay Left-wing suspicion on the Labour backbenches that the Government has already come to a decision to ensure postal balloting for the election of trade union officials.

"We have not had any collective discussions on this matter since the events over the week-end in the Amalgamated Union of Engineering Workers," said the Prime Minister at question-time in the Commons.

Tory MPs plainly feared that he was giving ground to the Left-wingers and that he was being less positive than he had been earlier in the week when he had declared himself in favour of ballot-voting—which is to be abondoned by the AUEW.

Pressed on these points from the Conservative backbenches, Mr. Wilson maintained that it would be inappropriate for him to express his views as he understood action was being taken within the union.

Control

Mr. Joe Ashton (Lab., Bassetlaw), urged Mr. Wilson—in his "enthusiasm" for postal balloting—to remember the old ETU and what had happened when the Communists gained control through irregularities in postal balloting.

If it were acceptable for MPs to be elected by a "personal visit to a ballot box" why should not unions operate the same system, he suggested.

Mr. Wilson stressed that he, too, was opposed to the "kind of scandals that took place in the ETU many years ago."

But during the probe into his views on the issue, he said it was certainly his view that there should be more postal ballots.

Mr. James Prior, on the Opposition front bench, drew attention to the suggestion that Government funds might be forthcoming to help unions meet the cost of post-balloting in their election of officials.

Such help has been called for by the moderates of the Manifesto Group of the Labour Party in a motion backed by over a hundred signatures.

Mr. Wilson pointed out that these matters were being discussed in the "upstairs" Committee on the Employment Protection Bill, and by custom what had been said in that Committee could not be discussed by the House until officially reported.

He was urged from the Labour backbenches to give an assurance that the Government had no intention of interfering with the internal balloting arrangements of any unions.

Mr. Wilson insisted that he had already expressed his view and added:

"When we see the report of the discussions on the Employment Protection Bill and have heard the views of other people, we shall consider whether there is anything the Government can do in this matter."

Future debates

COMMONS business after the Spring holiday will be:

MONDAY (June 9): Statutory Corporations (Financial Provisions) Bill, second reading; motion to appoint a Standing Committee on regional affairs.

TUESDAY: Finance (No. 2) Bill, committee.

WEDNESDAY: Social Security Pensions Bill, remaining stages; motion on the EEC document on economic policy guidelines.

THURSDAY: Motions on reports of the Select Committee on members' interests; and on the Rt. Hon. Member for Walsall, North (Mr. John Stonehouse).

FRIDAY: Hare Coursing Bill, second reading.

Lords business is:

MONDAY: Housing Finance (Special Provisions) Bill, second reading; Coal Industry Bill, report; debate on Rolls-Royce RB-211 engine programme.

TUESDAY: Scottish Development Agency Bill, committee.

WEDNESDAY: Debates on need for urgent economic and political measures, and on parole system.

THURSDAY: Coal Industry Bill, third reading; Scottish Development Agency and Welsh Development Agency Bills, committee; debate on European Communities committee report on equal treatment for men and women workers.

Tied cottage legislation

THE LEADER of the House, Mr. Edward Short, said in the Commons yesterday that the Government intends to introduce legislation in the next Parliamentary session "on the important matter of the tied cottage."

Borrowing facilities up to $12.4bn.

BY MICHAEL BLANDEN

THE U.K. has a total of up to $12.4bn. of borrowing facilities available from various sources to support its official reserves, Mr. Edmund Dell, Paymaster General, told the Commons yesterday.

Mr. Dell, in a written answer, said that it was decided to augment the official reserves—which stood at $7.13bn. at the end of April—the Government could consider the use of a number of facilities.

Apart from continuing public sector foreign currency borrowing, these included a $3bn swap arrangement with the Federal Reserve Bank of New York.

The U.K.'s general account at the IMF—excluding the reserve position at the fund, which counted as part of the reserves—was $3.2bn. The IMF oil facility offered at present a maximum of $1.2bn., and EEC short and medium term facilities offered a theoretical maximum of $3bn.

In addition to these facilities, Mr Dell said that if the U.K. remained in the EEC, another possibility would be to take up an external loan raised by the EEC, which had powers to borrow up to $3bn. principal and interest.

These existing facilities, Mr. Dell said, were available on a variety of terms and conditions. They did not exclude the possibility of additional ad hoc arrangements or the development of other multilateral facilities.

GUIDANCE FOR CANAL USERS

The British Waterways Board has introduced a new telephone information service for the increasing number of people who spend their leisure on inland waterways under the Board's control.

The service will be in operation until October 31 on an experimental basis. Inquiries should ring Canalphone 01-723 8485 for information on temporary closures and waterways events.

Disclosure clause approved

BY JOHN HUNT

THE INDUSTRY Bill clause which requires manufacturing companies to provide information for trade unions was approved in committee yesterday by a Government majority of one (16—15) after Tory protests that it was introducing biased legislation on a grand scale.

Labour Left-wingers put forward a new clause to give direct power to the unions to require companies to divulge a much wider range of information than is laid down in the Bill. This will be voted on after the Whitsun recess.

In a cautious reply, Mr. Michael Meacher, Under-Secretary for Industry, said the Government was prepared to look at some aspects of the new clause. But he emphasised that it was essential that the Secretary of State should be the person to whom the information should be given in the first instance.

He said that it was pointless to stipulate a long list of items which companies should divulge if this merely meant that companies would automatically appeal against an information order in every case.

For the Tories, Mr. Michael Marshall (Arundel) claimed that Mr. Anthony Wedgwood Benn, the Industry Secretary, was using the Bill as the cornerstone of his plan to build his own power base within the Labour party. He described it as biased and inequitable legislation in favour of the unions.

Proposing the new clause, Mr. Brian Sedgemore (Lab. Luton W), a member of the Left-wing Tribune Group, said that the information provisions in the Bill should be the compulsory arm of the planning agreements.

"We believe that information belongs to the trade unions as a right, not as patronage from the Prime Minister, the Government or the Chancellor of the Exchequer," he declared.

Mr. Sedgemore criticised the Prime Minister for not ensuring that the Chrysler workers received the fullest information at the earliest opportunity. He recalled that Mr. Wilson had had discussions about the company in January with President Ford and with Mr. John Riccardo, president of the Chrysler Corporation. This information should have been fed thrugh the Government to the workers.

The new clause lists 16 items of information which manufacturing companies employing over 200 people would be required to divulge. It includes capital expenditure, timing and location of future investment projects for seven years ahead, sales, pricing policies (including details of inter-group trading both in the U.K. and overseas), imports and exports, and profits of the company including its subsidiaries.

Mr. Meacher pointed out that it would not be legally possible to obtain information from the overseas branches of multinationals as required in the new clause. But he was prepared to see whether there could be some formula for providing information on future product development and inter-coming pricing.

He emphasised that this would have to be done in such a way that it would not lead the appeals committee to refuse disclosure in these cases. The Government would have to ensure that there would be no damaging consequences to the company.

Chrysler action call

BY JOHN HUNT

MR. BRIAN SEDGEMORE, Labour MP for Luton West, and a member of the Left-wing Tribune Group, has written to Mr. Anthony Wedgwood Benn protesting at the lack of information available to Chrysler workers about the situation in their company.

He told the Industry Secretary that unless the Government gives Chrysler assistance, then the company is likely "to stagger from one crisis to another."

Mr. Sedgemore, who has Chrysler plants in his constituency, calls on the Government to intervene to protect jobs, help with new investment and ensure a viable future for the company "whether under public or private ownership."

Smith meets ANC leaders

SALISBURY, May 22.

THE PRIME Minister, Mr. Ian Smith, and leaders of the Rhodesian Black Nationalist movement met for 90 minutes to-day to try to find common ground for a constitutional conference, a spokesman for the African National Council said.

The meeting was the first since March 4 when the two sides broke contact with each other.

The spokesman said the meeting was held in Mr Smith's office and dealt with the Council's pre-conditions for the proposed conference. One of these was the release of all political detainees in Rhodesia.

This would fulfill one of the terms of the Lusaka agreement of December, 1974, between Mr Smith and the Nationalists. The agreement also included a cease-fire between Rhodesian forces and black guerilla fighters.

The spokesman said another meeting was planned but no date had been fixed.

Dr Elliot Gabellah, the Council's Vice-President, headed the black delegation which included Mr. Joshua Nkomo, who returned yesterday from an overseas tour, and the Jamaica Commonwealth Leaders' Conference.

REFERENDUM

European Community undemocratic—Foot

BY IAN DAVIDSON

THE INSTITUTIONS of the European Community were undemocratic and reduced the sovereignty of the British Parliament, Mr. Michael Foot, Employment Secretary, charged on television last night. He was appearing in a debate with Mr. Edward Heath, in Thames Television's "A question of sovereignty."

Mr. Foot claimed that the *only* way to make the Community democratic was to set up a federal parliament. This must be the long-term consequence of the Community's formal endorsement of the principle of economic and monetary union.

"I believe it would be a great advantage in the honesty of this campaign," he said, "if Mr. Heath and the pro-Marketeers were openly to admit that economic and monetary union, such as he put his name to in 1973, does mean a federal state, the establishment of a kind of super-state in Western Europe."

Both of these points were hotly denied by Mr. Heath, who claimed that the Community institutions were democratic because the members of the Council of Ministers were responsible before their own parliaments. He had never believed in having a federal or a confederal Europe, and he did not admit that there was anything inevitable about the future of economic and monetary union.

Uncompromising

"I've never believed that it would be a federal or confederal Europe," he said. "It's going to be a new sort of Europe, and our job is to help create it. As far as economic and monetary union is concerned, every stage has got to be agreed by us, every stage."

Though the broad thrust of Mr. Foot's argument was uncompromisingly hostile to the Community on sovereignty grounds, some of his comments were more *nuancé*. He conceded that decisions taken by the Community would not necessarily be bad.

His objection to the decision-making procedures, apart from the question of democracy, was that they took place in secret and that they bore a greater resemblance to the coalition form of government common on the Continent than to the two-party system of the U.K.

"Now I think that the pro-Marketeers (have) got a case, but I think they'd make their case much better if they had the temerity to admit that these institutions are not the same as our democratic ones, and work by very different methods. There may be a case for doing it, but there is no case at all for attempting to conceal from the British public how much of their democratic power is reduced."

Mr. Heath's last word: "This is the greatest development in international co-operation since 1945. I am astonished that people like Michael Foot, who always say they believe in the brotherhood of man, for them it doesn't extend beyond Margate."

Wilson denies net loss of jobs

MR. HAROLD WILSON wriggled a bit but then came down gingerly on the Common Market side during Question Time in the House of Commons yesterday when Mrs. Margaret Thatcher, the Tory leader, asked him to reject the contention that membership had cost jobs in Britain.

"No one can say that no jobs have been lost," the Prime Minister said. "Some have. Equally, jobs have been gained by changes in the movement of trade."

Then the conclusion: "I have no reason to think that the net result has been an increase of unemployment."

The session was enlivened by Mr. Brian Sedgemore, Labour MP for Luton, who unfolded a large, orange Say No to Europe poster. For some reason it reminded MPs of Mr. Wilson's retort to General de Gaulle's veto on U.K. membership in 1967, when the Premier had said he would not take "no" for an answer.

He blandly assured Mr. John Biggs-Davison (Conservative, Epping Forest) that he would be pleased to have that speech republished.

Earlier Mr. Dennis Skinner (Labour, Bolsover) urged Mr. Wilson to stop pro-Market Ministers from making "truth-bending remarks." As far as the Market was concerned, the Prime Minister sagely observed, all who felt strongly believed that the other side was bending the truth.

Jenkins challenge to Antis

FINANCIAL TIMES REPORTER

MR. ROY JENKINS, Home Secretary, yesterday challenged anti-marketeers to say whether they wanted a siege economy in Britain or a free trade area with the European Community.

"The one leaves us open to all the pressures of the world—and all the imports of the world—without the anchor of belonging to a strong unit," he said at a Britain in Europe Press conference. "The other could shut us up in a locked room of poverty and isolation."

Crucial year

A "No" vote on June 5 would be a licence to continue with an accelerating rate of British inflation. "It would weaken our currency and push us into the unsplendid isolation of spiralling costs and declining competitiveness," Mr. Jenkins said.

"It would certainly, over the next crucial year or so, disrupt both the export and the investment plans of our major industries. That is the reason why coming out would mean laying more men off. That is the reality of the jobs issue."

Mr. Roy Grantham, General Secretary of the Association of Professional, Executive, Clerical, and Computer Staff (APEX), said that he was confident of the support of 60 per cent. of all trade unionists for keeping Britain in the EEC.

With Britain nationalising the aircraft industry the major problem facing the industry was a lack of new projects. "Tony Benn cut us out of the European Airbus and the Germans and French have built it as the only European wide-bodied aircraft," he added. The Commission of the EEC is continuing with its plans to support new joint European projects and help finance them. We desperately need a share in these new projects, tens of thousands of jobs will be at stake but if we opt out of Europe we will opt out of these projects."

Mr. Grantham said that Mr. Benn had been talking about the EEC having cost 500,000 Britons their jobs. The facts were that, in April 1972, before Britain *entered the Community, there* were 928,000 unemployed, whereas the figure in April 1975 was 900,000.

British problems, Mr. Grantham said, had been caused not by the EEC, but by a failure to invest during the 15 years before entry.

Ministers make 'ruling bloc' claim

BY RICHARD EVANS, LOBBY CORRESPONDENT

ANTI-MARKET Ministers claimed last night that the French Government intended to form a ruling bloc of six prosperous nations within the EEC to the *exclusion of the U.K.*

Their claim, outlined in a statement signed by five anti-Market Ministers, was based on comments by President Giscard d'Estaing which they claimed had effectively repudiated the terms for continued membership put to the people by the British Government.

According to Mr. Anthony Wedgwood Benn, Mrs. Barbara Castle, Mr. Michael Foot, Mrs. Judith Hart and Mr. John Silkin, the President had reaffirmed French insistence on economic and monetary union, although previously the impression had been that it could only happen in the distant future.

He had also made is clear that *prosperous members of the EEC* would pursue this policy irrespective of Britain's view and Britain would be unable to join this union because of her lasting economic weakness.

The implications of the President's remarks were brutally clear. "A ruling bloc—a rich man's club of six prosperous nations—will be formed within the Common Market. The six rich countries will follow concerted economic and monetary policies, and Britain will be the poor relation."

Companies 'hold back investment'

MR. ALEX FERRY, chairman of the Scottish committee of the Get Britain Out campaign, told a news conference in Glasgow yesterday that British employers had deliberately held back investment. Mr. Edward Heath, *he said, had made statements to* the effect that certain major companies were withholding investment because of the uncertainty surrounding British membership in the Common Market.

"That confirms our opinion" Mr. Ferry said, "that there has been an investment strike by employers in this country over the last two or three years. If this strike has been caused by the Common Market situation, then it has done a great deal of damage to our economy." Mr. Ferry is Glasgow District Secretary of the AUEW.

He said that a great number of industrialists, including some foreign investors, had been donating money to the pro-Market organisations: "We believe this to be a subtle way of interference in British politics. I would advise them that, for the sake of future good relations, they realise the grave mistake they are making."

'Narrow nationalism' basis for 'Anti' stand

MR. DAVID WARBURTON, chairman of the Trades Union Alliance for Europe, last night attacked the "narrow nationalism" which, he said, was the basis of the anti-Market campaign.

Speaking at South Oxley, Herts., he said: "I get a little tired of the nonsensical claims which are being made by the mixed assortment of anti-Europeans and anti-Marketeers particularly in connection with the trades union and Democratic *Socialist movement in the European* Community.

"One would think that we were living in a democratic socialist paradise where the aims and objectives of the trades *union movement were all* achieved, and that the EEC is a threat to this Utopia. The truth is that the European unions have been successful in getting the EEC Commission to take action in the pursuit of better conditions for workers."

It was illusory to assert on the one hand that the Common Market was a "big capitalist conspiracy" dominated by giant multi-national companies and then to pretend that we could cope with the threat of monopolies standing outside the arena where the real action must take place.

'Benn tactics like Goebbels'

MR. ANTHONY Wedgwood Benn, Industry Secretary, is using techniques in the EEC campaign "disturbingly reminiscent" of Dr. Goebbels, Liberal peer Lord Chalfont said yesterday.

"Mr. Benn and his friends in the trade union leadership know quite well that membership of the Common Market will make it difficult for them to lead Britain in the direction which they have chosen—that is, towards a *fully*-Socialist economy," he told an Industrial Society lunch.

Frere-Smith forecasts VAT on food

*FOOD WOULD be made sub*ject to VAT if Britain remained in the EEC, and the impact of the tax on small traders would increase, Mr. Christopher Frere-Smith, chairman of the Get *Britain Out campaign, claimed* yesterday.

"Any trader in this country who has a turnover of less than £5,000 is exempt from VAT," he said. "In Common Market countries, the *minimum* turnover for exemption is £1,000. VAT will be harmonised. Inevitably the minimum turnover will be harmonised downwards."

Harmonisation inevitably meant that sooner or later—and probably sooner—VAT would be levied on foods in Britain.

"Continued Common Market membership will spell the end of thousands of small businesses up and down the country," said Mr. Frere-Smith. "The EEC may be good for big business—but for small traders it will be slow torture, and then death."

Party leaders accused of 'political expediency'

BOTH CONSERVATIVE and Labour Party leaders are accused of "political expediency" on the Common Market question by Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades in a broadsheet being distributed to SOGAT members.

Accusing Parliament itself of the "greatest surrender of all time," Mr. Keys says the elected leaders of the two major Parties leave a lot to be desired.

Mr. Heath, the architect of Britain's entry, is accused of "arrogant nonsense," while of Mr. Wilson, the SOGAT general secretary says: "I put him in no different a category from the leader of the Tory Party. He has see-sawed so much on this question that it is surprising he is still with us."

Mr. Keys expresses a particular personal interest in the Government's approach to industrial regeneration as contained in the Industry Bill and the National Enterprise Board.

By contrast the EEC policy on industrial development is unhelpful to the British people and to British industry, he says. The whole of EEC policy has been evolved to serve the interests of monopoly capital and the multinationals.

As a power grouping the EEC will be likely to further increase world tension, he says.

Some 100,000 copies of the broadsheet are being distributed throughout the union.

Grimond speaks of disaster

MR. JO GRIMOND said at a Britain in Europe rally in Portsmouth last night that it would be a "watershed and a disaster" if Britain were to leave the EEC.

"We should be in breach of our undertakings. We should be going back on a Treaty approved by successive British Governments of different parties. We should in fact be saying—and this is the basic argument of those who advocate a 'No' vote, that the British people, British industry, the very nature of British life, were now in such a precarious state that they had not the strength to push out to new frontiers.

"It would be a retreat of a kind unknown in our history. We should see more of our most skilled and enterprising people leave the country."

Whitelaw sounds 'Pied Piper' warning

MR WILLIAM WHITELAW, the Conservative former Minister, at Portsmouth last night poured scorn on the anti-marketeers who, "like some latter-day Pied Piper of Hamelin try to lure us to an uncertain future."

Speaking at a Britain in Europe rally, he said that the clock could not be put back on the very issue of British membership nor on any of the other main issues—the Commonwealth, food prices, markets and jobs, or sovereignty.

"Finally, the clock cannot be put back to the dream of splendid isolation, a late-19th-century dream which even at the height of Britain's power proved unrealistic after a year or two."

The Property Market

BY JOHN TRAFFORD

An active but patchy market in industrials

TO JUDGE from the FT postbag, the industrial market is far and away the most active part of the property scene at present. But those with a sceptical frame of mind may be wary of drawing the popular conclusion that the occasional swallow is irrefutable evidence of mid-summer's day.

Savills, Druce and Company and a host of other agents talk of extremely high demand in the South East with rent levels in some cases nearly doubling in the space of a year. Grant and Partners warn would-be developers that buying industrial sites at low prices is not going to last. Conrad Ritblat talks of continuous demand for small industrial accommodation in inner and North East London "where rents and capital sums are reaching record levels."

With a nod towards the institutions, Percy Bilton says that industrial property in the Greater London area continues to be a consistently better investment than offices and cites the more rapid rise in industrial rents as evidence.

It is easy to get carried away, especially if the agent or developer confines his remarks to selected areas of the South East. But the true situation is much more patchy.

Clear evidence on that score came yesterday from Fairview Estates which announced rebates of up to 20 per cent. on its industrial developments in the South East and the Midlands. The scheme will operate for the first two years of a new tenancy and will be applied both to existing properties and to new buildings being constructed in the next few months.

The scheme applies to industrial developments at Birmingham, Dunstable, Hayes, Ruislip, east London and West Thurrock. At some sites factory and warehouses are available for immediate occupation. Other units of up to 200,000 square feet are under construction or planned. Rents range from 80p a square foot in Birmingham to £1.65 in Ruislip.

The Fairview move reminds one that even the South East is not a seller's market. There are some areas, such as Reading, where rent levels have stagnated or declined because of the volume of space coming on to the market in the past 12 months. King and Company, in its April factory and warehouse availability survey said that warehouse availability throughout the country had substantially increased from 13m. square feet last November to 20.25m. square feet. Some part of that was, however, not readily marketable because it comprised old, multi-storey space in heavily built up areas.

King also reported a 2.3m. square feet increase in factory space available. The agents expect a further rise in total availability of warehouse and factory space as companies prune their existing stock of premises to keep costs under control in the face of a much increased rates burden. The cost-cutting, in King's view, is likely to involve further disposals and inflate the availability figures.

Haslemere coup at Enfield

ONE of the most valuable industrial lettings ever done in this country has just been achieved by Goldenberg and Co. on behalf of Haslemere Estates. The agents have managed to pre-let the whole of Haslemere's 120,000 square feet single storey warehouse development at Southbury Road, Enfield, Middlesex, to Thorn Consumer Electronics. The 30-year lease with five-year reviews stipulates an initial rental of about £205,000, equivalent to £1.73 a square foot. The building will not be completed until early August.

This is undoubtedly an excellent deal for Haslemere but it is scarcely a typical situation. Thorn has a 36-acre site comprising offices, factories and warehouses immediately adjoining the new five-acre development and was therefore unusually interested to acquire the lease to meet its expansion plans.

An even bigger letting was announced at the end of last month by Chamberlain and Willows. Phonodisc, the record and cassette distributors for Polydor, have taken 180,000 square feet of warehousing at Grove Road, Chadwell Heath, Essex, at a rental above £1 a square foot.

The same agents have also let 47,000 square feet of a warehouse complex at Basildon, Essex, to Metrostore Group for around £1.30 a square foot. The complex is owned and largely occupied by Keddies, the departmental store operators.

One of the most buoyant industrial lettings markets in the north at present is Manchester. Agents Edward Rushton Son and Kenyon say that they have already let four of the 10 single storey units on the newly-built Shepley Industries Estate which range in size from 6,800 square feet to 12,000 square feet. Initial rents of 75p a square foot are low even by Manchester standards where the going rate ranges between 90p and £1.10 a square foot.

An impressive letting recently completed was at the industrial scheme at Tomlinson Road, Leyland.

On behalf of the Graylaw Group, Derrick Wade and Waters and Mason Owen and Partners prelet the entire 62,500 square feet of space to Bridges Transport which is part of the National Freight Corporation, for around 85p a square foot well before the building was completed some weeks ago.

Derrick Wade and Waters have also let another unit on the Haslemere Industrial Estate next door to Leyland Paints, bringing that company's space there to 52,800 square feet. That completes the currently available space but the agents are hoping shortly to announce prelettings for part of the additional space being built on the estate. This comprises a divisible 42,000 square foot unit and another of 11,000 square foot.

A second phase of the development is planned which should provide a further 75,000 square feet. Work is expected to begin later this year. Leavers acted for Trident Hereditaments and Richard Wright and Partners for the pension fund.

This is not the only recent example of a bullish view on industrial development. Deacon Group have let four of the seven industrial units completed at Vale Road, Tonbridge, Kent, and is immediately pressing ahead with a further five units to complete the scheme and double the total space from the present level of 88,000 square feet to 175,000 square feet. Two units have been taken up by Sheffield Insulations for warehousing and an office, one by Combined Electronic Services, the Philips subsidiary, and one unit by Solicitors Law Stationery Society. Anthony Lipton represented the Deacon Group.

Trident's sale at Feltham

ON investment in industrials, the big news has been the purchase for just under £1m. of the Spacewaye Warehousing Development at Feltham by an unnamed pension fund. The estate, which is being sold by Trident Hereditaments, comprises seven units totalling 82,000 square feet with Sothebys, Borg Warner and Magnet Joinery among the tenants. It looks as though the deal represents a yield of around 12-13 per cent.

The value of the Aintree Affair

WHATEVER Mr. Bill Davies may have said 13 months ago when he bought Aintree Racecourse from Mrs. Mirabel Topham for £3m., the acquisition never really fitted in with the other activities of his Walton Commercial Group.

It was too large (30 per cent. of group assets); too time-consuming (70 per cent. of management time); in need of executives with racing expertise (a rare breed); offering only a distant prospect for redevelopment (Sefton District Council was hostile to plans for a shopping complex); fraught with political problems (over the future of the Grand National); and quite dissimilar to Walton's other property interests.

This last point is the important one. Walton's success in the commercial and industrial field has lain especially in buying up existing property, refurbishing it and letting it at a handsome profit. The prime example is the 750,000 square foot Atlantic Industrial Complex at Bootle, close to Aintree, which the company bought from GEC for £1.4m. in March, 1972, and which on refurbishment is now generating around £400,000 in annual rental income. All but 178,000 square feet have now been let and Walton is negotiating for rentals in the region of £1.12 for the remaining space.

With that kind of success, who needs the headache of Aintree which is bound to be a long-winded, hazardous development? It would test the skills of even the most experienced developer of green field sites.

On balance, and leaving aside the cost of management time, the Aintree Affair has cost Walton upwards of £100,000. But Bill Davies, for one, could be excused for thinking that it was all well worth while: from now on, no-one in the property world is likely to forget his name or that of his company.

Is development relevant?

SOME PEOPLE in the property world must by now be wondering whether the memos, papers and consultation documents flying around the Community Land Bill are really worth all the effort. The fact is, however, that no-one dare ignore the opportunity to influence Mr. Silkin even if they feel that their chances are slim in the extreme.

That being so, I expect a further flurry of activity following the publication on Wednesday of a Consultation Document by the Department of the Environment.

This document touches one of the most sensitive nerves in the whole gambit of land proposals—the definition of "relevant development." This is the very centre of the Bill since development land (the stuff which authorities will initially be able to acquire at net-of-DLT prices and later obliged to buy at current use value) is defined as land which, in the opinion of the responsible authority, is suitable for "relevant development." Define the latter and you will know a bit more about the local authority powers of acquisition.

Those who hoped for a nice, clear definition from the document are in for a disappointment. It merely sets out the case for a wide definition of relevant development "so that authorities will be able to use the power to buy land in order to facilitate desirable development." The document reminds us that under the Bill the definition of relevant development will be dealt with primarily in regulations and that the views of people consulted will be taken into account in drafting these regulations.

Put another way, this takes the argument no further forward at all since it is the loose definition and great flexibility that frightens the industry so much. "It's like nailing jelly to the wall," quipped one critic who tried unsuccessfully to grapple with the concept.

The other main point covered by the document is the scope of "designated relevant development." This is the phrase used in the Bill to define the situation where the Secretary of State imposes a duty on local authorities to buy up all land needed for relevant development in certain designated classes.

The document emphasises that this bit-by-bit approach means in effect that authorities will not necessarily buy all land that is needed for relevant development. Again there is nothing new in that but I suppose it is good to see it spelled out.

Cautionary tale (2)

HERE is another cautionary tale from Michael Wand of Commercial Union Properties on the coming Community Land Act:

In 1976 a London development company applied for planning permission to demolish a multi-storey factory and redevelop it as warehousing. The Local Authority granted planning permission, which was immediately frozen, and then carried out its statutory duty to acquire the existing buildings at current use value. It then offered the site back to the development company which declined the opportunity. The authority found that, with falling property values and the high cost of demolition, it had bought a property with a negative site value.

It had to refurbish the building, let it and put in a manager. The annual loss was borne by the ratepayers.

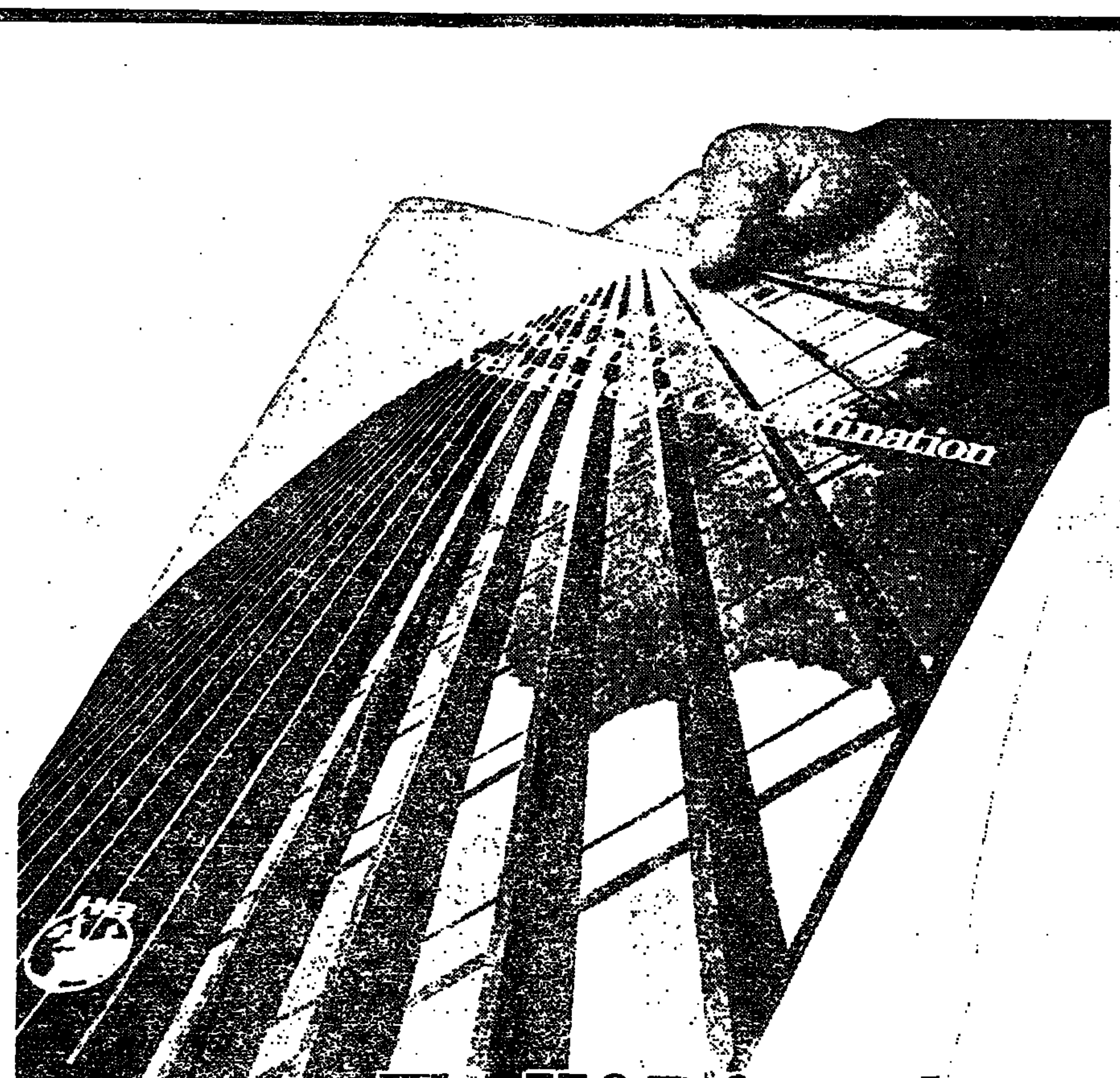
OUT AND ABOUT

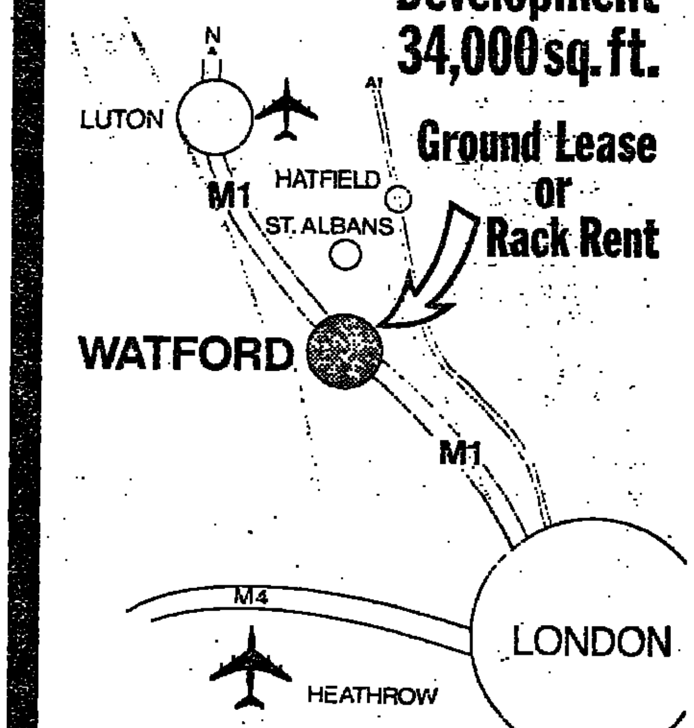
● Trafalgar House Group Premises has sold for a figure approaching the asking price of £60,000 a long leasehold interest in industrial premises and land at Bury St. Edmunds, Suffolk. The purchasers of the property, comprising 9,900 square feet of depot buildings standing in 1.45 acres of land, were H.R.P. Sales of Bury St. Edmunds. Joint selling agents were Willett Estate Agents and H. C. Wolton and Son.

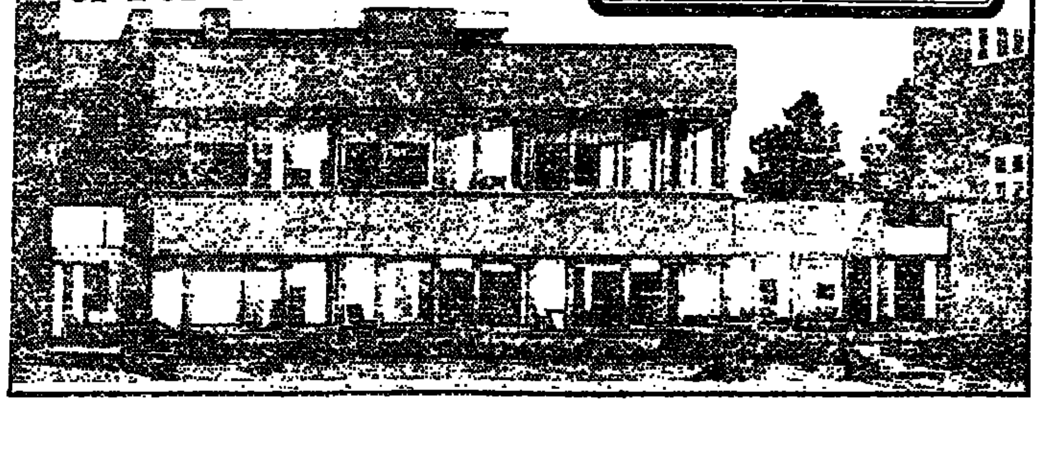
● Haslemere Estates has let an 18th century office building at 4, College Hill, London, E.C.4, to Sean Re Insurance. A rental close to the asking figure of £31,000 per annum was agreed for the 2,041 square feet, with five yearly reviews. The building forms part of a group being restored by Haslemere. The remaining 16,400 square feet at 1-3, College Hill will be ready for letting at the end of the year.

Robert Cutts and Jones Lang Wootton acted for Haslemere and Scan Re-Insurance were represented by Thomas and Atkins.

INDUSTRIAL AND BUSINESS PROPERTY







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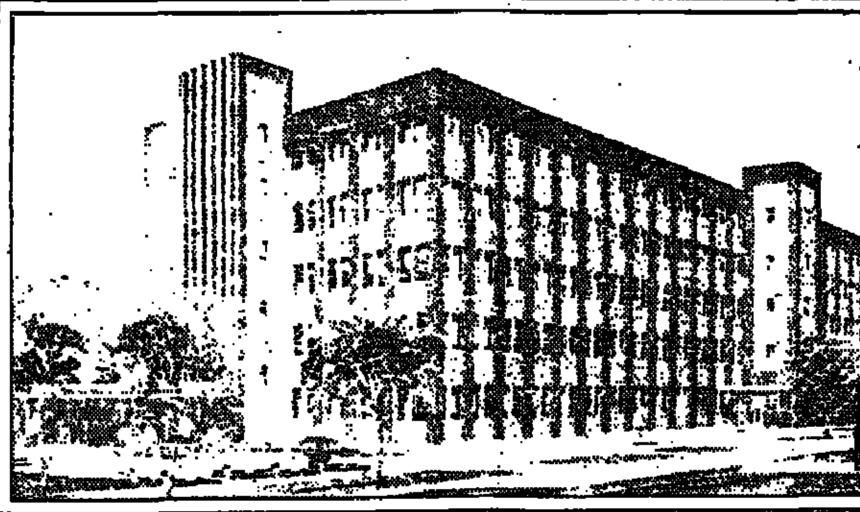

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Telephone: Hertford 56501/2/3/4.

COMPANY NOTICES

ANNOUNCEMENT

Sociedad Minera Argentifera Boliviana S.A. (Mining Co.) hereby states that it has had no relations with Mr. Aldo Motosi or Marcello Indiati-Gexco, since August 1974. Argentifera Boliviana S.A. will not recognise any commitment performed on its behalf, by the two persons before mentioned.

The Directory.

THE RIO TINTO-ZINC CORPORATION LIMITED

NOTICE
TO HOLDERS OF WARRANTS TO BEARER FOR 3.5% "B" CUMULATIVE PREFERENCE SHARES OF £1 EACH

NOTICE IS HEREBY GIVEN that a dividend of 1.75p per share will be paid on 1st July, 1975, in respect of the half-year ending 30th June, 1975, on the issued 3.5% "B" Cumulative Preference Shares of £1 each.

In accordance with the provisions of paragraph 18 of schedule 23 to the Finance Act 1972, which came into force in the United Kingdom on 6th April, 1973, this dividend will be payable without deduction of United Kingdom tax and, for shareholders resident in the United Kingdom, will carry a tax credit equal to thirty-five sixty-fifths of the dividend (equivalent to 35 per cent. of the total of dividend and tax credit). Where a double tax agreement so provides, shareholders resident outside the United Kingdom will obtain a tax credit, against which some United Kingdom tax may fall to be offset.

Payment of this dividend will be made in the case of holders of Share Warrants to Bearer after presentation, in accordance with the Exchange Control Act, 1947, of Coupon No. 26 at any of the undermentioned offices:—

The Rio Tinto-Zinc Corporation Limited (Registered Office), 6, St. James's Square, London SW1Y 4LD.
The Rio Tinto-Zinc Corporation Limited (Transfer Office).
Central Registration Limited, 1, Redcliff Street, Bristol BS1 6NT.
Banque Rothschild, 21, Rue Laffitte, 75009, Paris, France.
Banque Lambert, 24, Avenue Marnix, 1050 Brussels, Belgium.
Societe Generale de Banque, 3, Montagne du Parc, 1000 Brussels, Belgium.
Banque Generale du Luxembourg S.A., 14, Rue Aldringer, Luxembourg.
Banque Lambert—Luxembourg S.A., 11, Boulevard Grande-Duchesse Charlotte, Luxembourg.
Societe de Banque Suisse, CH 4002 Basle, Switzerland.
Union Bank of Switzerland, Bahnhofstrasse 45, CH 8021 Zurich, Switzerland.
Credit Suisse, Paradeplatz 8, CH 8021 Zurich, Switzerland.

Coupons, which must be listed on special forms, which can be obtained on or after Monday, 2nd June, 1975, at any of the above offices, may be deposited on or after Monday, 9th June, 1975. Coupons presented for payment in the United Kingdom must be left FIVE CLEAR DAYS for examination.

Shareholders should note that under the Company's Articles of Association adopted on 20th May, 1970, provision is made for the forfeiture of the above dividend if not claimed within 12 years from 14th April, 1975.

By Order of the Board,
J. R. FRANCIS-SMITH, Secretary.
6, St. James's Square,
London SW1Y 4LD.
23rd May, 1975.

THE RIO TINTO-ZINC CORPORATION LIMITED

NOTICE
TO HOLDERS OF WARRANTS TO BEARER FOR ORDINARY SHARES OF 25p EACH.

NOTICE IS HEREBY GIVEN that, at the Annual General Meeting of The Rio Tinto-Zinc Corporation Limited held on 21st May, 1975, approval was given to the payment of a final dividend on the issued Ordinary Shares of 25p of 2.87 pence per share on 1st July, 1975, in respect of the year ended 31st December, 1974.

Under the imputation tax system which came into force in the United Kingdom on 6th April, 1973, the final dividend will be payable without deduction of United Kingdom tax and, for shareholders resident in the United Kingdom, will carry a tax credit equal to thirty-five sixty-fifths of the dividend (equivalent to 35 per cent. of the total of dividend and tax credit). Where a double tax agreement so provides, shareholders resident outside the United Kingdom will obtain a tax credit, against which some United Kingdom tax may fall to be offset.

Payment of the dividend will be made in the case of holders of Share Warrants to Bearer on or after 1st July, 1975, after presentation in accordance with the Exchange Control Act 1947, of Coupon No. 25 at any of the undermentioned offices:—

The Rio Tinto-Zinc Corporation Limited (Registered Office) 6 St. James's Square, London SW1Y 4LD.
The Rio Tinto-Zinc Corporation Limited (Transfer Office)
Central Registration Limited, 1, Redcliff Street, Bristol BS1 6NT.
Banque Rothschild, 21 Rue Laffitte, 75009 Paris, France.
Banque Lambert, 24 Avenue Marnix, 1050 Brussels, Belgium.
Societe Generale de Banque, 3 Montagne du Parc, 1000 Brussels, Belgium.
Banque Generale du Luxembourg S.A., 14 Rue Aldringer, Luxembourg.
Banque Lambert—Luxembourg S.A., 11 Boulevard Grande-Duchesse Charlotte, Luxembourg.
Societe de Banque Suisse, CH 4002 Basle, Switzerland.
Union Bank of Switzerland, Bahnhofstrasse 45, CH 8021 Zurich, Switzerland.
Credit Suisse, Paradeplatz 8, CH 8021 Zurich, Switzerland.

Coupons, which must be listed on special forms, which can be obtained on or after Monday, 2nd June, 1975, at any of the above offices, may be deposited on or after Monday, 9th June, 1975. Coupons presented for payment in the United Kingdom must be left FIVE CLEAR DAYS for examination.

Shareholders should note that under the Company's Articles of Association adopted on 20th May, 1970, provision is made for the forfeiture of the above dividend if not claimed within 12 years from 21st May, 1975.

By Order of the Board,
J. R. FRANCIS-SMITH, Secretary.
6 St. James's Square,
London SW1Y 4LD.
23rd May, 1975.

EQUITY & LAW LIFE ASSURANCE SOCIETY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the Society will be CLOSED from the 28th May 1975 to the 18th June 1975 both days inclusive for the preparation of warrants for the dividend payable on the 19th June 1975.
H. M. STEWART, Secretary.
20 Lincoln's Inn Fields,
London
WC2A 3ES.

GRESHAM INDUSTRIES LIMITED

NOTICE TO SHAREHOLDERS
DECLARATION OF PREFERENCE DIVIDEND NO. 47.

NOTICE IS HEREBY GIVEN that a Dividend at the rate of 6% per annum on the 6% Cumulative Preference Shares in respect of the six months ending 30th June, 1975 (equivalent to six cents per share), has been declared by the Board of Directors payable on the 30th June, 1975 to Preference Shareholders registered in the books of the Company at the close of business on Friday, 6th June, 1975.

The dividend is declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on the 23rd June, 1975.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African Taxes.

The Company will, where applicable, deduct the Non-Resident Shareholder's Tax of 15% from dividends payable.

For the purpose of paying the above dividend the Preference Share Register will be CLOSED from the 7th June to the 20th June, 1975, both days inclusive.

Dividend cheques in payment will be posted on or after the 30th June, 1975.

By Order of the Board
I. B. MEHL, Secretary.
Registered and Transfer Office:
220, Commissioner Street,
Johannesburg.
London Transfer Office:
165, Kings Road,
Brentwood,
Essex.

WHITBREAD INVESTMENT COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the REGISTER of the ORDINARY SHARES of the above COMPANY will be CLOSED from 25th June 1975 to 8th July 1975 both days inclusive, for the preparation of the Final Dividend in respect of the year ended 31st March, 1975, payable on the 16th July, 1975.
R. E. GILLAH, Secretary.
Brewery,
Chiswell Street,
London, E.C.1.
23rd May, 1975.

CORPORATION LOANS

13%
INVEST IN HUNTINGDON DISTRICT COUNCIL
BONDS
Repayable 30 September 1977
Details from Huntingdon District Council Finance Department Castle Hill House Huntingdon
Tel. (0480) 54337 ext 29

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Adjacent Dyce Airport

Serviced Industrial Site

10·22 acres

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Richard Ellis

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7-51,000 sq. ft. EARLY POSSESSION
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Stock Exchange EC2	120-1,128 sq ft
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London Bridge SE1	658 sq ft
Bedford Square WC1	820 sq ft
Bloomsbury WC2	872 sq ft
London Bridge SE1	2,560 sq ft

ref CNB
ALLSOP & CO Real Estate
6 Poultry London
EC2R 8ET
01-248 1451

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INVESTMENT FOR SALE
Let to Public Company
Floor space 38,000 sq. ft.
Producing £32,500 per annum.
fully repairing with next rent review in four years
PRICE £360,000
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FREEHOLD SHOP AND OFFICE INVESTMENT
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Tel.: East Grinstead 24131

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New s/c office building (1,100 sq. ft.) let to large Norwegian public company at £3,750 p.a. ex.; F.R.I. lease for sale £40,000. Apply:—
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01-499 2061
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572661

£5,000 PER YEAR NET INCOME FROM THIS EXCELLENT SHOP INVESTMENT
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B. Fr. 200 million
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Ground floor shop
Approx **1,800** Sq.Ft. (167m²)
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or existing property of 100,000 sq. ft.
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Property Consultants,
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Telephone: 01-629 1306/7

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Upton Park, E.13
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12/35,000 sq. ft. Freehold
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44,000 sq. ft. on 2½ Acres
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FACTORY/ WAREHOUSE
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Good Communications
Excellent Loading and Parking Facilities
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SITE 1.18 acres
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FACTORY—7,000 Sq. Ft.
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6 years old. Just under 1 acre land Industrial Estate.
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CENTRAL FACTORY
59,000 sq. ft.—approx. 3 acre site
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ANNUAL OUTLAY RENT, RATES AND SERVICES £2,400 APPROX.
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18 month tenancy
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Ideal Distribution Centre
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PHONE: 01-527 8812

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EVE, 189 Regent St. 734 0557. A la carte or All-in Menu. Spectacular Floor Shows plus the rhythm of Los Vera Cruz and music by Johnny Hawksworth and Friends.

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LORD METHVEN (1886-1974). Memorial Exhibition, Fieldborne Galleries 63, Queen's Grove, N.W.8. 01-586 3600.

MALL GALLERIES, The Mall, S.W.1. ROYAL SOCIETY OF PORTRAIT PAINTERS 80th Annual Exhibition. Adm. 40p. Mon.-Sat. 10-5 until June 7. Closed May 24-26 inclusive.

ROYAL ACADEMY SUMMER EXHIBITION. Contemporary paintings, sculptures, etc. Until 27 July. Wkdys. 10-6, Suns. 2-6. Adm. 60p (Monday 30p). And the PRIVATE ROOMS AND COLLECTED TREASURES, Until 31st Oct. Wkdys. 10-6 (closed Tuesday), Sun. 2-6. Adm. 30p. Students and pensioners half price.

ROYAL FESTIVAL HALL. Spanish Book Exhibition. 3,000 books on varied subjects daily 2-9.30 p.m. 22nd May-1st June. Adm. free.

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THE REDISCOVERY OF THE POST-IMPRESSIONISTS. Augustus John, Philip Wilson Steer, James Tissot and others. Galerie Aziza, 7 Church Road, London, S.W.19. Tel. 946 3727.

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مكتبة الأهل

NORTH SEA OIL REVIEW BY ADRIAN HAMILTON

Down to brass tacks on the participation issue

WITH THE discussions this week between officials of the Department of Energy and individual oil companies, the participation issue has finally entered the hard negotiation phase. After some six months of testing the water and attempting to get companies to come back with their own ideas of possible terms, the Government has at last both defined its major objectives and tabled a broad proposal—or at least an example of the way in which its mind is working—to form the basis of future discussion.

At this stage, the discussions are still very much exploratory at the level of officials from the Department rather than the main Ministerial negotiating team of Mr. Harold Lever, Lord Balogh and Mr. Edmund Dell. But the hope is clearly to sign at least some broad heads of agreement with one or more of the companies to encourage the still reluctant members of the industry within the next few months, and to follow this with detailed agreements by the autumn.

Companies tackled this week include BP, which has already agreed to negotiation with a view to achieving participation and which was seen on Wednesday; Gulf, which has also shown interest in furthering negotiations and which was seen yesterday; Conoco, which recently told a group of U.S. analysts that it was prepared for participation; and Burmah, which agreed to the concept of participation as part of the Bank of England rescue operation last winter. Other companies are due to be seen next week, including, possibly, Deminex, and the round is expected to include around 10-12 companies in total.

None of the groups involved in this week's talks is willing to discuss the issue at this point and BP, like others, yesterday flatly refused to comment on the grounds that the talks were meant to be confidential and that their success was better ensured that way. But Whitehall sources suggest that the Government has, in each set of the discussions, "tabled" a paper describing the broad lines whereby the principle of the companies seeing "no financial loss" would be achieved, using a hypothetical field and cash flows as an example.

The basic suggestion is a system of annual payments to the companies from the National Oil Account equivalent to their revenue expectations after tax from the 51 per cent. they would be giving up.

The nature of the payments would vary from company to company, depending on individual circumstances and individual financial needs. But, basically, there would be three categories.

First, come situations where the Government would be paying no part of the capital cost, either because the field was already developed by the time the participation deal was signed or because companies preferred to delay the actual implementation of participation until the first oil started flowing.

Second would be situations where the Government achieved participation halfway through the development of the field, and would pay its share of future but not past costs.

Third would be other situations where, largely because of financial strains, companies preferred to see the Government take up its share of past costs as well or wanted the Government to take on the full burden of finance guarantee.

Level of risk

In each of the latter cases, the repayments from the National Oil Account would be tempered by the fact that the Government would be putting up part of its share of costs at a banker's return, with additional royalty depending on the level of risk. The example presented to the companies, for example, is reported to show a situation in which the Government would join in half way through the project, would pay only its future share of costs, and would ask for a return on its capital and its management of the money. But variations are clearly possible on the basis of the risk, just as in the case of Piper Field financing where the banks lent to Occidental, who took the risk, at a straight interest rate of interbank "rate plus" but gained a royalty over and above this in the case of Thomson, where the banks had to take a major part of the engineering and commercial risk as well and gained a direct royalty interest in exchange.

But at its simplest, therefore, the Government might participate in a £400m. field development about halfway through. It would then inject about £100m. of its own money and an agreement would be reached as to what the company would have expected to earn post-tax if it had owned the full 100 per cent. and as to the cost of the Government's finance. The net figure—lost earnings minus the Government's banker's return—would then be paid out, on an annual calculation, to the company.

In the case of fields already developed by the time of participation — Forties for example —there would be no deduction. With fields yet to be developed, the Government would put up 51 per cent. of the money and calculate its return in the same way as before, except that it would be taking more of the risk.

Flexibility

But where companies wish the Government to pay a past share of costs or even take the full financial risk, then it would presumably be up to individual negotiation. Some idea of the Government's thinking has already been seen in the Tricentrol deal, where the Government has taken a royalty in exchange for financial guarantees with built-in flexibility to increase this royalty or renegotiate the basis should the oil be delayed beyond a defined period. Much, however, would depend on the precise conditions of each field and company. The question of protecting the minority partners' position in the new partnership and the question of future access to the State's share of the oil appear to have been little pursued, although the Government has said that it is quite prepared to sell back its share of oil output to its partners over a prolonged period — ten to 15 years.

This, at any rate, would appear to be the broad principle of the offer. And, on the face of it, while unusual to say the least it would seem to be a generous one. From the companies' point of view, it would make sense of the Government's initial vague proposal of a "no financial loss" position and would have the added attraction of bringing in additional finance. From the Government's point of view it would seem to bring the State very little additional cash benefit beyond that gained from normal taxation. But it does provide the Government with a watchdog apparatus over oil company activities, gives it considerable potential control over the destination and pricing of oil and, not the least important, gives it some discreet counterweight to European ambitions on North Sea oil should Britain's partners in the EEC, assuming a "Yes" vote in the referendum develop as a threat.

Whether the offer is quite as generous as appears on the surface and whether it will be successful either politically or in converting the industry to voluntary acceptance of participation has yet to be seen.

While apparently simple enough, the offer becomes extremely complex when it comes to working out the details of how the company's post tax revenue, and hence the repayment from the National Oil Account, should be worked out. Neither is it easy to calculate the risk involved when the Government does contribute to capital costs.

It is in calculating the field's, and company's, taxable position and its post tax profit (should this be looked at in terms of expected cash flow, or return, or base-line profit, or what?) that the real heart of the negotiations must lie. At this stage, it would seem too early to say whether the offer will meet the industry's criteria of "no financial loss" or, indeed, whether this particular route is the best way to achieve the end in mind. Certainly, no-one seems to have much idea just how the Government has arrived at its hypothetical example, and it is quite possible that, as the talks progress, the concept could change shape.

Equally, the offer, as now appears to be, raises some intriguing questions as to where the Treasury, or taxpayer, will stand in the development, and whether it will be politically acceptable as a result. So long as the Government takes its share in field development late in the day with a minimum of contribution, then the cost to the Treasury will not be that enormous — although the National Oil Account will almost certainly be in the red for the first few years. But one of the main attractions of participation will be to companies which want the Government to assist in financing, while companies with fields yet to be developed will hardly be willing to undertake this with agreed participation but without a full Government contribution to costs from the start.

Drain

Once the Government becomes heavily involved in this kind of forward finance at the same time as making considerable payments out of the National Oil Account to companies with developed fields, the drain on the Account could be very substantial indeed. It will only be its relief from Petroleum Revenue Tax that will provide real funding for the British National Oil Corporation to the detriment of the Treasury's potential income. And if this proves so, then the whole process is bound to arouse criticism from both Left and Right, with consequent insecurity of tenure for any agreement made over the full life of North Sea fields.

The answer, of course, is that participation was never intended to be a means of taking an economic rent or funding the British National Oil Corporation. Rather, taxation was intended to achieve this. The reasons for participation lie elsewhere—in politics and in the need to exercise close supervision of the oil companies and protect British interests. But it is only now that the real negotiations have started, and it is only now that the political debate over ways and means can be expected to start either.

APPOINTMENTS

Rio Tinto-Zinc Board changes

Lord Shackleton has been appointed a deputy chairman of the RIO TINTO-ZINC CORPORATION. Mr. Roy Wright is relinquishing his post as deputy chairman and deputy chief executive of the company but remains a director. Mr. E. L. Ballieu and Mr. D. R. Colville have retired from the Board and Mr. R. F. Lane has resigned for personal reasons.

★

Mr. A. Normand Provost has been appointed by EMI as resident technical director, North America, from June 1. He will join the group from Plessey Incorporated, of the U.S. The appointment is a senior post to supervise the growth of EMI's electronics businesses in North America, particularly the EMI-Scanner computerised X-Ray diagnostic system.

★

Mr. J. Martin Ritchie has been appointed chairman of BRITISH ENKALON following the retirement of Colonel F. T. Davies.

★

Mr. Cyril Parker is to become chief investment manager of LLOYDS BANK from May 31 on the retirement of Mr. Frederick Holder.

★

Mr. H. J. McLean, currently polyurethanes business area manager of the Organics Division of IMPERIAL CHEMICAL INDUSTRIES, has been appointed personnel director of the Agricultural Division. On July 1 he succeeds Mr. S. T. Jenkins, who has been personnel director of Agricultural and Petrochemicals Divisions and who retains his directorship of the latter.

★

Dr. Keith Bright, formerly director of operations for SIME DARBY HOLDINGS, has been appointed deputy chief executive.

★

Mr. Tony Diamond has been appointed chief executive and a director of OFFSHORE DRILLING SUPPLIES, a subsidiary of the Petrocon Group.

★

Mr. J. L. Christie, Mr. R. S. D. Frank and Mr. K. W. Preston have been appointed to the Board of EDWARD BATES AND SONS (HOLDINGS).

★

Mr. R. W. Pulford has been appointed a deputy managing director of FURNESS-HOULDER (INSURANCE), a member of the Furness Withy Group.

★

Mr. C. A. Lomberg has been appointed managing director of SIM-CHEM. Mr. J. E. Chick remains chairman of the company which is a member of the Simon Engineering group.

★

The following appointments have been made by HAWKER SIDDELEY companies: Mr. C. P. M. Gomm becomes finance director of Crompton Parkinson; Mr. P. G. Newbery has been made a director of Brush Fusegear and Mr. T. E. Haywood a director and secretary of that company, and Mr. G. R. Rees is now a director of Crompton Parkinson Stud Welding.

★

Mr. Peter J. Molony is joining SCOTTISH AND NEWCASTLE BREWERIES on June 2 and he will be appointed to the Board after the annual meeting in August. Mr. Molony will become finance director in place of Mr. H. Renwick, who is to be the Board member responsible for internal audit, pension schemes, and insurance.

★

Mr. David Donhue, at present financial controller of European Ferries, has been appointed deputy managing director of THORESEN CAR FERRIES from July 1.

★

Mr. N. J. Hunter and Dr. T. I. Wrigley have been appointed directors of PFIZER GROUP.

Gloomy picture of profits

BY STEWART FLEMING

The trading profits of the 216 industrial companies covered by the latest Financial Times survey of company profits and balance-sheets rose by only 9.7 per cent. compared with a rise of 20.5 per cent. in the previous survey.

The latest survey covers the results of companies whose account year ended in the period between July 15, 1974, and October 14, 1974, and which published their accounts up to the end of April, 1975.

The survey covers a total of 283 companies including 60 financial and seven commodity corporations. It contains the gloomiest picture of company profits recorded by the survey in recent years with earnings for Ordinary shareholders showing a 10.6 per cent. decline compared with the previous balance-sheet year for the companies recorded. This compares with a rise of 10.1 per cent. in the previous survey.

The list of the various sectors reveals far sharper declines, particularly in the building materials and contracting and construction divisions where, in spite of small increases in trading profits, earnings for Ordinary dividends are down 22.1 per cent. and 57.6 per cent. respectively. Motor distributors are another hard-hit sector with the 13 companies covered reporting a decline in trading profit of 27.7 per cent. and a fall in earnings for Ordinary shareholders of 134.5 per cent.

There are also a number of sectors which notably have gone against the overall trend. Food manufacturing companies reported a rise in trading profit of 36.5 per cent. and a rise in earnings of 27.1 per cent. Both figures reflect a higher rate of increase than that revealed in the previous survey. The 43 engineering companies in the latest survey also reported high trading profits (up 20.5 per cent.) and earnings (up 7.9 per cent.).

In this sector, however, the figures are lower than in the previous survey.

In the industrial sector as a whole there has been a marginal increase in the amount of dividend payments, up 1.8 per cent. compared with a decline of 1.1 per cent. in the previous survey. Return on capital employed is down from 13.9 per cent. in the previous year to 13.5 per cent. The last survey showed an increase on return on capital employed from 19.6 per cent. a year earlier to 20.4 per cent.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 283 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 283 companies whose account year ended in the period between July 15, 1974, and October 14, 1974, which published their reports up to the end of April, 1975. (Figures in £000).

The method of aggregating the results of company reports is to group them according to the end of their financial year. As more results from companies are received for an accounting period the figures may be updated, but no updating for the period covered in the present table is considered necessary. Tables covering a particular period will not appear in consecutive months.

INDUSTRY	No. of Cos.	Trading Profits (1)	% change	Profits before Int. & Tax (2)	Pre-Tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. Dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap'l % (9)	Net Current assets (10)
AIRCRAFT & COMPONENTS	1	10,083 (8,454)	+19.3	8,297 (6,800)	6,592 (5,524)	3,543 (2,365)	2,889 (3,071)	−5.9	1,083 (1,005)	+7.8	3,382 (3,538)	59,799 (47,364)	13.9 (14.3)	29,181 (40,671)
BUILDING MATERIALS	9	12,504 (11,727)	−6.6	10,016 (9,886)	8,936 (9,365)	4,602 (3,860)	4,024 (5,165)	−22.1	1,274 (1,235)	+3.2	4,588 (5,336)	39,507 (33,368)	25.3 (29.6)	9,835 (11,480)
CONTRACTING & CONSTRUCTING	10	24,153 (23,839)	−1.3	20,761 (20,942)	11,268 (16,241)	7,334 (7,145)	3,855 (9,055)	−57.6	1,767 (2,348)	−24.7	4,459 (8,649)	98,711 (131,824)	21.0 (15.9)	44,198 (27,280)
ELECTRICALS EX ELECTRN, ETC.	7	40,604 (37,528)	+8.2	23,226 (21,759)	16,896 (16,481)	8,840 (8,116)	7,880 (8,105)	−2.8	1,381 (1,326)	+4.1	23,183 (21,936)	171,245 (164,190)	13.6 (13.2)	97,158 (89,089)
ENGINEERING	43	110,313 (91,548)	+20.5	86,480 (69,593)	70,333 (59,509)	35,519 (26,923)	33,594 (31,131)	+7.9	12,841 (11,576)	+5.7	41,118 (37,138)	532,447 (403,139)	16.5 (17.3)	216,667 (193,644)
MACHINE TOOLS	4	8,327 (7,213)	+15.4	5,953 (4,990)	4,461 (3,928)	1,996 (1,502)	2,183 (2,116)	+3.2	922 (869)	+6.1	3,312 (3,151)	42,509 (28,593)	14.0 (12.9)	12,922 (12,823)
SHIPBUILDING	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MISC. CAPITAL GOODS	11	57,615 (43,741)	+31.7	49,096 (37,184)	41,526 (33,215)	20,776 (14,682)	16,997 (16,576)	+2.5	4,861 (4,443)	+9.4	19,518 (17,772)	229,641 (180,537)	21.4 (20.6)	102,430 (84,132)
TOTAL CAPITAL GOODS	85	263,599 (224,050)	+17.6	203,829 (171,134)	160,012 (144,261)	82,610 (64,593)	71,402 (75,219)	−5.1	23,529 (22,801)	+3.2	99,560 (97,520)	1,163,859 (999,015)	17.5 (17.1)	512,391 (459,119)
ELECTRONICS RADIO & TV	2	1,288 (1,217)	+5.8	979 (921)	960 (918)	509 (401)	447 (512)	−12.7	103 (98)	+4.1	505 (564)	2,674 (1,791)	36.6 (51.4)	1,032 (838)
HOUSEHOLD GOODS	10	9,445 (10,117)	−6.6	7,209 (8,204)	6,513 (8,007)	3,345 (3,689)	3,134 (4,267)	−26.5	1,067 (1,071)	−0.4	3,647 (4,449)	32,694 (24,623)	22.0 (35.3)	8,241 (8,670)
MOTORS & COMPONENTS	12	70,571 (70,459)	+0.1	49,760 (52,832)	35,054 (42,653)	19,049 (19,566)	14,671 (21,817)	−32.7	6,636 (6,790)	−2.3	26,972 (32,296)	447,439 (401,021)	11.1 (13.2)	150,587 (161,899)
MOTOR DISTRIBUTORS	13	97,317 (134,631)	−27.7	51,812 (87,094)	8,219 (59,369)	16,639 (29,040)	−10,003 (29,027)	−134.5	4,339 (10,086)	−57.0	29,423 (64,775)	607,322 (595,287)	8.5 (14.6)	119,336 (190,997)
TOTAL CONSUMER DURABLES	37	178,621 (216,424)	−17.5	109,760 (149,051)	50,746 (110,947)	39,640 (52,696)	8,349 (55,623)	−85.2	12,144 (18,045)	−32.7	60,547 (102,084)	1,090,129 (1,022,722)	10.1 (14.6)	279,196 (362,404)
BREWERIES	13	220,720 (224,909)	−1.9	181,291 (190,025)	148,900 (162,377)	74,025 (70,753)	73,084 (87,934)	−16.9	31,265 (29,123)	+7.3	78,764 (90,907)	1,476,252 (1,339,738)	12.3 (14.2)	68,580 (83,030)
DISTILLERIES & WINES	2	3,710 (3,097)	+19.8	3,328 (2,754)	3,166 (2,718)	1,582 (1,254)	1,578 (1,457)	+8.3	671 (671)	—	1,196 (1,051)	14,316 (10,783)	23.4 (25.5)	5,946 (5,600)
HOTELS & CATERERS	9	104,701 (103,207)	+1.4	86,201 (87,558)	33,934 (51,381)	17,592 (21,720)	15,498 (27,046)	−42.7	8,014 (7,778)	+3.0	24,951 (34,114)	1,038,434 (967,049)	8.3 (9.0)	−42,844 (−44,127)
LEISURE	9	45,295 (45,565)	−0.6	26,779 (29,879)	21,568 (26,586)	11,659 (12,509)	9,126 (13,169)	−30.7	3,533 (3,561)	−0.8	25,280 (24,542)	165,904 (148,544)	16.1 (20.1)	−12,978 (−18,508)
FOOD MANUFACTURING	8	148,932 (109,088)	+36.5	119,744 (83,257)	96,320 (67,763)	49,149 (30,031)	42,613 (33,528)	+27.1	12,917 (12,417)	+4.0	56,943 (45,499)	605,738 (522,668)	19.8 (15.9)	161,716 (141,179)
FOOD RETAILING	6	17,341 (18,033)	−3.8	13,460 (14,665)	10,677 (11,332)	5,240 (5,132)	5,193 (5,830)	−10.9	2,172 (1,987)	+9.3	6,369 (6,735)	76,066 (69,757)	17.7 (21.0)	−6,985 (−1,492)
NEWSPAPERS AND PUBLISHING	6	7,062 (6,555)	+7.7	4,982 (4,692)	4,195 (4,165)	2,087 (1,951)	2,045 (2,225)	−8.1	860 (815)	+5.5	2,966 (2,935)	35,623 (27,802)	14.0 (16.9)	9,440 (10,862)
PACKAGING AND PAPER	5	6,849 (5,061)	+35.3	4,977 (3,530)	4,304 (3,019)	2,374 (1,243)	1,900 (1,732)	+9.7	548 (429)	+27.7	2,328 (2,558)	23,524 (19,698)	21.2 (17.9)	8,568 (7,006)
STORES	6	24,637 (25,329)	−2.7	20,229 (21,770)	13,804 (18,082)	6,030 (8,139)	7,689 (9,786)	−21.4	3,128 (3,140)	−0.4	8,375 (9,515)	220,971 (213,276)	9.1 (10.2)	8,283 (13,963)
CLOTHING AND FOOTWEAR	8	7,083 (7,748)	−8.6	5,739 (6,521)	5,060 (6,071)	2,610 (2,656)	2,431 (3,388)	−28.2	808 (806)	+0.2	2,497 (3,377)	25,707 (23,582)	22.3 (27.6)	12,681 (11,349)
TEXTILES	7	10,232 (9,249)	+10.6	7,707 (7,109)	6,026 (6,032)	2,937 (2,737)	3,071 (3,259)	−5.8	1,110 (1,097)	+1.2	3,835 (3,814)	47,506 (35,911)	16.2 (19.8)	12,629 (12,815)
TOBACCO	1	324,180 (278,640)	+16.3	287,820 (245,560)	249,500 (229,930)	118,800 (99,350)	112,130 (113,510)	−1.2	27,300 (25,020)	+9.1	119,820 (116,370)	1,883,680 (1,630,890)	15.3 (15.3)	804,640 (680,750)
TOYS AND GAMES	1	1,331 (1,016)	+31.0	1,273 (964)	1,273 (964)	659 (398)	614 (566)	+8.5	135 (117)	+15.4	493 (460)	4,093 (3,526)	31.1 (27.3)	469 (894)
TOTAL CONSUMER NON-DURABLE	71	922,073 (837,497)	+10.1	763,530 (703,382)	598,727 (590,920)	294,744 (257,873)	276,972 (303,430)	−8.7	92,461 (86,961)	+6.3	33,3797 (341,957)	5,617,714 (5,013,224)	13.6 (14.0)	1,030,145 (902,321)
CHEMICALS	5	84,044 (68,507)	+22.7	60,003 (43,523)	40,483 (32,514)	18,636 (15,937)	18,066 (13,337)	−35.4	5,199 (5,110)	−1.7	30,258 (28,071)	296,374 (314,051)	20.2 (13.9)	58,963 (65,797)
OFFICE EQUIPMENT	3	4,104 (4,004)	+2.5	3,254 (3,322)	3,067 (3,212)	1,639 (1,596)	1,426 (1,615)	−11.7	536 (525)	+2.1	1,533 (1,571)	9,335 (7,578)	34.9 (43.8)	3,453 (3,143)
OIL	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
SHIPPING	2	105,396 (71,940)	+46.5	78,546 (50,984)	58,087 (40,667)	5,155 (4,181)	52,332 (35,803)	+46.2	7,202 (5,499)	+31.0	71,275 (50,791)	858,240 (576,857)	9.1 (8.8)	6,072 (44,764)
INDUSTRIAL HOLDING CO.	7	70,252 (62,603)	+12.2	54,525 (48,292)	37,827 (34,652)	14,533 (12,507)	22,573 (21,325)	+5.8	5,316 (4,996)	+6.4	31,931 (29,765)	385,486 (484,264)	14.1 (10.0)	43,256 (41,449)
MISC. INDUSTRIAL	6	37,494 (33,261)	+12.7	28,154 (25,415)	25,997 (23,165)	12,729 (10,233)	12,671 (12,147)	+4.5	3,637 (3,369)	+7.9	17,996 (16,754)	199,086 (182,212)	14.6 (13.9)	16,045 (15,237)
TOTAL INDUSTRIALS	216	1,665,583 (1,518,286)	+9.7	1,302,581 (1,194,103)	974,946 (980,338)	469,684 (419,616)	463,691 (518,499)	−10.6	150,024 (147,306)	+1.8	646,897 (668,513)	9,620,223 (8,599,925)	13.5 (13.9)	1,949,52 (1,894,23)
BANKS	1	57,777 (46,096)	+25.3	51,328 (42,613)	51,328 (42,613)	26,612 (19,002)	24,668 (23,554)	+4.8	4,514 (4,192)	+7.7	26,407 (22,665)	245,511 (231,552)	20.9 (18.4)	74,942 (98,072)
DISCOUNT HOUSES, MERCHANT BANKS etc.	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
HIRE PURCHASE	3	142,520 (82,888)	+71.9	101,090 (46,795)	17,780 (25,628)	7,783 (11,349)	9,848 (13,480)	−27.0	3,814 (4,993)	−23.6	47,716 (45,316)	691,590 (646,419)	14.6 (7.2)	196,888 (202,550)
INSURANCE	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE BROKERS	2	8,587 (6,971)	+23.2	7,009 (5,884)	5,558 (5,030)	2,869 (2,319)	2,689 (2,710)	−0.8	914 (1,007)	−9.2	2,995 (2,510)	7,022 (8,881)	99.8 (66.2)	721 (1,649)
INVESTMENT TRUSTS	39	35,185 (30,175)	+16.6	34,546 (29,099)	24,174 (19,383)	9,275 (6,566)	14,116 (12,160)	+16.1	12,578 (11,183)	+12.5	1,563 (934)	428,707 (705,738)	8.1 (4.1)	54,428 (29,909)
PROPERTY	10	61,795 (52,441)	+17.8	60,033 (51,178)	23,398 (26,183)	12,416 (10,986)	10,358 (14,690)	−29.5	6,038 (6,594)	−8.4	5,280 (8,778)	977,095 (870,699)	6.1 (6.9)	15,757 (−5,857)
MISC. FINANCIAL	5	16,748 (14,467)	+15.8	14,079 (11,682)	9,733 (9,211)	4,499 (3,816)	5,067 (5,000)	+1.3	2,511 (1,948)	+28.9	4,683 (5,353)	103,136 (74,377)	13.6 (15.7)	19,845 (18,887)
TOTAL FINANCIAL	60	322,622 (233,038)	+38.4	268,085 (187,251)	131,971 (128,048)	63,454 (53,978)	66,734 (71,574)	+6.8	30,369 (29,917)	+1.5	88,644 (85,556)	2,453,061 (2,537,666)	10.9 (7.4)	362,481 (345,210)
RUBBERS	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TEA	1	188 (113)	+66.4	168 (102)	152 (102)	72 (39)	79 (63)	+26.4	31 (28)	+10.7	56 (42)	738 (673)	23.8 (17.8)	−154 (103)
TIN	3	4,754 (2,795)	+70.1	4,313 (2,402)	4,266 (2,579)	2,573 (1,132)	1,847 (1,240)	+48.9	830 (745)	+11.4	1,363 (754)	7,212 (6,814)	59.3 (35.2)	−1,403 (−434)
MISCELLANEOUS MINING	2	91,261 (40,160)	+127.2	73,895 (39,419)	66,915 (35,134)	25,565 (11,647)	34,597 (21,243)	+62.9	5,995 (5,965)	+0.5	45,198 (15,274)	326,946 (262,625)	22.6 (15.0)	57,520 (34,639)
OTHER RAW MATERIALS	1	778 (524)	+48.5	565 (454)	292 (433)	243 (205)	54 (201)	−73.1	69 (76)	−9.2	29 (131)	7,713 (3,101)	7.3 (14.6)	56 (−141)
TOTAL COMMODITIES	7	96,981 (43,592)	+122.6	78,941 (42,377)	71,625 (38,048)	28,453 (12,923)	36,577 (23,747)	+60.8	6,925 (6,814)	+1.6	46,646 (16,201)	342,609 (273,113)	23.0 (15.5)	56,019 (34,167)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col 1 gives trading profits, plus investment and other normal income property belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col 2 gives profits before interest and taxation, that is to say profits after all charges, except loan and other interest, but before deducting taxation provisions and minority interests in the case of Banks no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1 Minority interests

2 All prior charges—sinking fund payments etc., and Preference dividends and

Provisions but for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends, is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities except bank overdrafts.

† For merchant banks and discount houses a more realistic figure to quote is the balance sheet total.

Col 9 represents the net return on capital employed. Col 2 as a percentage of Col 8 provides an indication of average profitability.

‡ Excluding merchants banks, discount houses, insurances, etc.

* No figures given.

Col 10 Net current assets are arrived at by the subtraction of current liabilities and provision from current assets. It must therefore be regarded mainly as an industrial activity and is not necessarily or true guide to actual liquid resources or indication of the volume and the value

BUSINESSES FOR SALE

BUSINESSES WANTED

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MANAGEMENT

Powerful aid in local government

LAMIS—Local Authority Management Information System project—begun three years ago with the aim of producing faster and more cost-effective techniques for storing and exploiting data vital to efficient local government administration, is ready for general application and has absorbed £900,000 worth of development expenditure shared equally by the government, ICL and Leeds Corporation.

The system has involved the creation of a series of inter-related databases linked to "hub" files. Capable of being constantly updated and accessed it gives equal prominence to both on-line inquiry and cost-justified operational application systems.

Access to the databases through the generalised inquiry system is controlled by DBMS privacy which makes data items available only to specified users who identify themselves by badge and password in the on-line system and password in the batch system. This is essential because of the confidential information in the databases.

ICL, with a 60 per cent. share of the U.K. local government market, undertook the project on a cost sharing basis with the Government. Leeds operates a 1904S and 256K words of store, and a 192K word 1904A. The total configuration includes 640 million characters of exchangeable disc store, a 7903, plus VDUs, teleprinters and teletypewriters. Although LAMIS has been produced to run on 1900 equipment, it is capable of being transferred to ICL's 2900 Series.

Developers of LAMIS assert that it takes the British computer industry into the leading place in the development of management information systems throughout the world. The Land and Property Database, for example, has considerably helped and rationalised many of the day-to-day operational tasks and decisions of Leeds in such activities as planning, rating, property management, electoral registration, land use and availability, development and improvement procedures. The information now held is also used by officials concerned with policy advice on long-term planning and decision-making on land needs and use.

Two-thirds of the 500 plus local authorities in Britain who use computers have ICL equipment and many of them have been monitoring the progress of LAMIS with keen interest. The project has also attracted interest from overseas.

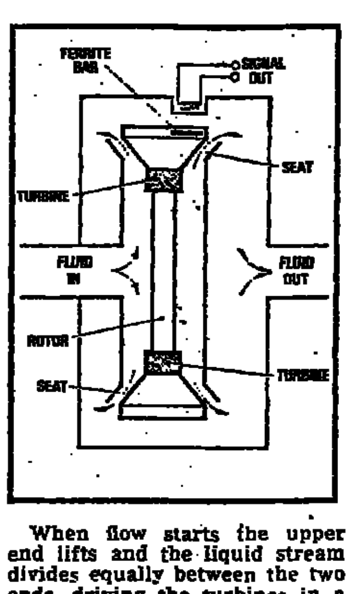
● INSTRUMENTS

No need for bearings

LONG OPERATING life, high reliability and good operational flexibility are the claims made for a design of flowmeter with no bearings or rubbing surfaces developed by B. Rhodes and Son, Danes Road, Romford, Essex (Romford 62333).

Offering a direct electrical signal, accuracy better than ±1 per cent. of full scale and repeatability less than ±0.5 per cent. the meter, called Hoverflow 2000, is able to handle "aggressive" liquids including acids and those with solids contents.

The meter is basically one cylindrical chamber inside another. The inner chamber is connected to the input flow and houses a rotor equipped with a turbine and annular tapered "hover" plate at each end. With axis vertical (horizontal operation is also possible) the upper hover plate rests on the upper tapered seating in the absence of flow.



When flow starts the upper end lifts and the liquid stream divides equally between the two ends, driving the turbines in a stable "hovering" mode at a speed proportional to flow velocity. Liquid enters the outer chamber and leaves through the exit port.

The upper end of the rotor contains a ferrite bar which sweeps past a sealed housing in the case containing an rf energised coil. The small change in inductance is sensed by a phase-locked loop detector and the final output is obtained in the form of contact closures of a reed relay.

Virtually any metal and a wide range of other materials can be used in manufacture to suit the application. The company at the moment is producing meters suitable for pipe diameters between one and three inches with casings and rotor assemblies in a choice of solid machined pvc for area, perimeter and security chloric acid, or cast and machined stainless steel for other media. Development work is well advanced on a design in glass.

Slurries with particle sizes up to 0.05 inches have been successfully handled by the meter, and there has also been an application with a liquid of viscosity 20 centipoise and an acidity of pH3.5. Pressure drop across the meter is about 0.8 bar (12 psi) at maximum flow.

GEOFFREY CHARLISH

● TELEVISION

Telecine unit marks advance

DEVELOPMENTS of considerable significance in the design and user benefits of colour telecine equipment are announced to-day by Rank Cintel. Its latest film scanner is being unveiled before international broadcasters at the International Television Symposium, Montreux, Switzerland.

Telecines—essential origination equipment in television broadcasting studios—convert motion picture film into electronic signals suitable for transmission. There are two types available: flying spot and photoconductive. It is generally acknowledged in the industry that the flying spot method of conversion is the best, but the equipment using it has been more expensive to buy than the photoconductive type.

Rank Cintel's new model, the Mark 3, gives users all the current benefits of the flying spot technique (perfect colour registration and low running costs) with improved performance at a cost of up to 10 per cent. less than that of previous models.

Mark 3 has several novel features including ability to handle both 16mm and 35mm film stock on a single deck, with virtually instantaneous stop and start (a new feature when using 35mm film). Forward and reverse shuttle speeds are up to ten times normal.

Sprocketless capstan drive is used resulting in almost silent operation and minimum wear on the film. It is also the first Flying Spot continuous motion telecine which can be used on both 625 and 525 line systems.

Automatic frame positioning and change-over controls are available as optional extras as are fully automatic colour balance facilities. Other accessories include PAL or NTSC encoders, vertical aperture corrector and monitoring options. Multiplexed versions are available with or without slide scanning facilities.

Rank Cintel, Watton Road, Ware, Herts. Ware 3939.

● OFFICE EQUIPMENT

Competition for the 'golf ball'

LITTON Industries' Royal Typewriter Company is to introduce a number of new products in office typewriters, copiers, word processing equipment and calculators in the second half of this year, as well as accelerate distribution of current products "in anticipation of an upturn in the economy next year."

Royal hopes to make a "significant dent" in the electric typewriter market with its new model 5000 single element typewriter. This uses a ball device rather than a conventional type bar.

Royal said at a New York meeting that it hopes to compete successfully against International Business Machines Corp. in the single element category.

It will introduce a line of 15 new calculators, from a mini-calculator selling for $19.95 to a sophisticated model for $450. Five models will sell for under $40. In the past the company has concentrated on higher-priced calculators not geared for mass marketing. However, Royal said it now feels it has established the distribution channels that will allow it to be successful with a broader line.

The company expects continued rapid growth in the calculator market despite recent failures of some manufacturers.

A third plain paper copier for high volume users, the RBC III, will be added to Royal's line, as will an Electrofax copier model R1600 for low copy volume. The fastest growing segment of the plain paper copier market is now the 10,000 to 20,000 copy a month customer, though the low volume market has attractive growth potential as well.

● HANDLING

Loads float around on air

LOW-PROFILE turntables, operating on air bearings, have been introduced by Rolair Systems (U.K.), 56, Brompton Square, London, S.W.3 (01-584 8010).

Diameters range from 3 feet with a capacity of 2½ or 5 tons to 12 feet, which can take a load of 70 tons—prices range from £1,350 to £8,520 for the 70-ton model. The company says these prices are between a half and a third of what a conventional turntable of similar capacity would cost. Larger sizes can be built.

Major advantage of these turntables is the overall height of 3 to 4 inches, which means they can be floor mounted or easily made flush fitting, without the usual deep excavation. The air bearings, with an elastomeric urethane skirt, are placed under the circumference of the table and operate from a standard 90 p.s.i. air line.

Optional equipment includes an air motor which rotates the turntable at walking pace in either direction; a stop to check rotation; and a remote control unit. A force of 1 pound can turn 1,000 lbs.

● COMPUTERS

Versatile terminals

SINGER Business Machines has introduced to the U.K. market two interactive point-of-sale terminals, models 911 and 931, developed by the company to meet the requirements of the modern retailer.

Ideally suited for complex transaction recording at the point of sale, they have the ability to hold intelligent two-way "conversations" with a central computer system. This permits automatic checking of every transaction made by a sales assistant and, when necessary, provides detailed instructions to complete a transaction via interactive commands from the central processor to the terminal.

Facilities such as full merchandise control, price look-up and the automatic printing of complete descriptive information on the customer receipts, are possible by means of interaction with computer files, on-line, real time.

Singer, Wedgwood Way, Stevenage, SG1 4PU. Stevenage 4343.

● METALWORKING

Future role of steel

BY THE year 2000 steel will no longer be chosen simply as the "strongest" material — users will demand strength in combination with other properties such as stiffness, lightness, thermal and acoustic insulating properties and easy formability.

This prediction was made yesterday by Dr. R. S. Barnes, head of research of the British Steel Corporation.

Speaking at the 27th congress of West European Steel Information Centres at Brighton, Dr. Barnes envisaged the evolution of what he called the "palm tree" approach to steel making. As far as possible, through the process, the number of grades and shapes of steel would be kept to a minimum with modifications made as late as possible to produce the types of steel and the forms that the customer wants. Surface alloying might be common and corrosion prevention could be arranged by means different from those used to-day.

Sections, I-beams and so on could be continuously fabricated from slit plate to a much greater extent, he said. This would ensure that the rolling process would be carried out on as large a scale as possible and at the same time would allow greater versatility in the product. I-beams, for example, could have one flange of high tensile steel and the other designed to withstand compressive loads; the web could be corrugated to give a better stiffness-to-weight ratio.

Beams could be replaced by suitably formed tubes—symptomatic of the ability of steel, given the correct design approach, to replace solid components. Flat products and tubes would increasingly become the basis of most steel shapes, giving several technical benefits.

The two principal advantages to the consumer, according to Dr. Barnes, would be shorter delivery times (since the order book does not have to be matched so far back in the steel making process) and yet greater versatility of product.

He also suggested that steel might appear as a composite product. In flat plates steel's high strength and high modulus is only really used at the surface—so why not use a laminate with steel on the outside and a thick layer of another material (plastic foam) in the middle to give a plate with the stiffness of solid steel but with greatly reduced weight? This could be the material for the cladding panels and even load-bearing panels of the future.

A remarkable variety of surface finishes would enhance steel's viability in these applications and stainless steels would find a much wider range of application than those with which we are familiar to-day, said Dr. Barnes.

● SERVICES

Bureaux on the up and up

ALLOWING EVEN for some of the more fantastic inflation figures put forward for 1974, the performance of Britain's service industry compared with 1973 was commendable since it produced in absolute terms a straight growth of close on 25 per cent. with an advance in total turnover from £104m. to £128m.

Throughout the period, growth from quarter to quarter was consistent and by and large an advance of between 20 and 25 per cent. was recorded in each period.

In real money terms, the improvement in business is probably of just under 20 per cent. which is very satisfactory and bears comparison with any industry.

For the first time ever the survey bears a list of respondents, the names being inserted with the agreement of the authors of source material. It is surprising to say the least that IBM is not in the list though it has been supplying data to set up these statistics for many years.

The industry is now employing over 19,000 staff against some 17,000 at end 1973 and 15,000 a year before.

In its overall figures the DoI indicates that the software side of the industry turned over £25.8m. of the total with consultancy providing £9.8m.

The "heavy" side thus contributed about 80 per cent. of the service industry turnover which is less than would have been expected from previous year's performance.

● RADIO

Voice on any channel

AVAILABLE IN this country from Radio Systems (Enfield), 19 Oakwood Crescent, London N21 1NX (01-360 5303) is the RF-448 VHF marine radio telephone which it is claimed can select any marine VHF channel.

Made by Harris Corporation in the U.S. the transceiver has 80 receive and 54 transmit channels and the use of a frequency synthesis design means that no problems with crystals can arise. Each channel can be directly dialled on two digital channel selector knobs while a single switch selects international, U.S. or the French/Belgian allocations.

Selectable 25 W or one watt power is available in the frequency range 156 to 162 MHz. Audio power of 5 W provides for noisy ship's environment. The transceiver is available as a 12 V only, or 12 V dc, 115/230 V ac model.

● LIGHTING

Lamp stays brighter

A SIMPLE approach to heat reflection in GTE Sylvania's new line of low pressure sodium lamps maintains virtually 100 per cent lighting performance throughout their life. Low pressure sodium lamps are the most efficient commercially available light source.

The new lamps (180W, 135W, 90W, 55W and 35W) are ideal for lighting applications requiring outstanding lumen output—motorways and main roads, and for area, perimeter and security lighting.

The new lamp has a U-shaped two-ply glass arc tube inside an outer bulb. Continuous high lumen output is possible thanks to a tapered heat-reflecting layer of indium oxide inside the outer bulb.

A major problem in designing low pressure sodium lamps is to get even distribution of the sodium inside the arc tube. When the lamp is struck the sodium heats up and evaporates. When the lamp is switched off the sodium cools and condenses. But it tends to condense on the cooler part of the arc tube, at the end away from the cathodes.

Conventional lamps have "dimples" inside the arc tube—small reservoirs which contain the sodium and distribute it along the length of the tube. However sodium tends to blacken the arc around these reservoirs and still migrates away from the cathodes. GTE's lamp concentrates heat artificially over the cooler area, to which the sodium normally migrates, and thus ensures even distribution within the tube.

GTE Sylvania SA, 21, Rue du Rhone, CH-1211 Geneva Switzerland.

هكذا من الأصل

The Executive's World

EDITED BY JAMES ENSOR

American Motors, the minnow of the U.S. car industry has staked its future on the Pacer. As **Terry Dodsworth** reports it thinks

Small is beautiful

THERE IS simply nothing else like it on European roads. A small car by American standards, it looks a little like an inverted goldfish bowl on wheels, combining an enormous expanse of glass with features like a tailgate and a curious extra-wide passenger side door to ease entry into the rear seats.

American Motors' Pacer has just arrived in Britain.

The Pacer is AM's latest essay into the small-car field, the segment of the market which it pioneered in the U.S. and into which General Motors and Ford are now following as fast as their resources will allow. Last year, as the oil crisis bit in America, proved to be an important one for AM, with its cars gaining strongly in the first six months against its big competitors. It was the only one of the major U.S. car companies not to go on to short-time working, and the only one to keep production almost up to 1973 levels.

Vulnerable

The question that is now intriguing observers is how long AM's good streak will last. In the very last months of 1974, after a bad strike, its sales also began to dip. And now that GM, after years of non-committal dalliance with the small car has decided to invest much more in this market, AM's position must clearly be vulnerable. *Thus the Pacer is* a timely arrival, a classic motor industry case of producing a model as a stimulant to sales.

AM's experience of small cars goes back to 1950, and the launch of a small car under the famous Rambler name. The Rambler range was inherited by the group from Nash-Kelvinator, one of the two small companies—the other being Hudson Motor Car—which came together in 1954 to form AM.

Even combined, the two concerns were minnows alongside General Motors, Ford and Chrysler, and George Romney, its president (and later a contender for the American Presidency), developed the strategy of avoiding head-on competition with the large rivals. The idea has clear parallels with the policy of specialisation adopted by the successful second-ranking European companies such as Mercedes, BMW and Volvo, although in America it had the obverse effects, turning the company towards small rather than large and luxurious cars.

The Rambler was the chosen vehicle for this policy. By the mid 1950s European cars were beginning to make an impact, albeit small, on the U.S. market, and AM went all out to exploit the trend, ridiculing American "dinosaurs" and dropping large car production altogether in 1958. Its market share moved from 2.14 in 1955 to 4.66 in 1958, when it made its first profit.

The next decade saw the big *three companies follow AM into compact cars*—Ford with the Falcon, GM's Corvair and Chrysler's Dodge Dart—while AM itself failed to capitalise on the idea: in the latter part of the 1960s, VW was selling as many cars in the U.S. as AM was making. But by the end of the decade it was also in a position to make two major steps, with the launch of the Hornet and Gremlin lines, and the acquisition of Jeep Corporation. The Gremlin was claimed as the first "sub-compact"—at 14ft. 2in., the equivalent of a medium-sized European car. — Jeep took the company into the four-wheel-drive market, another specialised area which AM, like Rover in the U.K., believes to have growth potential both at home and overseas. In the U.S. this is becoming increasingly a "leisure" market, and one of the few which last year withstood the depressing effect of the oil crisis: four-wheel-drive sales rose by 6 per cent. overall and Jeep's by 20 per cent.

At the same time the Hornet and Gremlin have helped AM increase its small car share, to an estimated 6.2 per cent. of the 4.5m. units in 1973. This segment is now beginning to realise the potential which the company saw for it 20 years ago. Forecasts suggest that some 72 per cent. of the total U.S. market in 1975 will go to small cars—the so-called "intermediate," "compact" and "sub compact" classes—from about 50 per cent. last year. AM is aiming at a substantial increase in its share next year, with a planned 80,000 volume for the Pacer, which will sell at $3,300.

Different

The Pacer was deliberately designed to be different from the average American car. With a production of about 600,000 a year, including the new car, American Motors is still a small company by U.S. standards, or indeed by the standards of the big European concerns such as Fiat and Volkswagen. Hence the emphasis on giving the public something patently different. Initially there was even a suggestion that the car would adopt the European concept of transverse engine and front-wheel drive, plus a Wankel engine.

These ideas have been scotched by the fuel consumption problems which the Wankel has run into, and the car has emerged with conventional 3.8 or 4.2 litre engines. But its appearance promises to turn heads anywhere. This is partly due to the liberal use of glass and the wrap-around rear window ("more glass than a Cadillac," said one AM executive), plus the extremely wide central pillar which gives the car strength. Partly it is due to its curious shape: at 6 ft. 5 ins., it is exceptionally wide by European standards, but at 14 ft. 3 ins. only an average medium car length.

AM also hopes to use the Pacer as something of a spearhead in overseas markets. Export sales from the U.S. have started to increase since the drift began towards smaller cars and a less highly valued dollar, and AM now sells about 5,000 vehicles overseas—10 per cent. of all American exports.

Europe, it believes, can take many more of its products. There were plans, for example, to assemble Jeeps in the U.K. for sale throughout Europe, and although these were shelved last year, it still reckons that the European four-wheel-drive market, relatively underdeveloped compared with the U.S., has considerable potential. On the car side, the Pacer, with its roomy interior and tailgate, is seen as a vehicle with European appeal. It will be interesting to see whether Europeans take to its width on their cluttered roads.

Ryder cuts transport costs

BY JAMES ENSOR


Big trucks like these U.S. juggernauts could save up to half on transport costs per ton-mile.

THE WESTERN WORLD still depends for transport on the diesel truck. Pipelines, railways, canals or coastal shipping contribute where the terrain is suitable: and, the airship or the hovercraft may someday provide an economic alternative. But for the next decade, at least, the truck will continue to provide between 60 and 85 per cent. of total internal goods transport.

The cost of trucking plays a direct and key part in the cost of production and distribution of goods to the customer. Although the basic design of the diesel truck has apparently altered little in the past fifty years, there has in fact been a rapid evolution in operating efficiency, size, weight and thus productivity. Over the period from 1956 to 1965 transport costs in Europe remained static, despite a continuous inflation in other costs, due to technical improvements in truck design.

Inflation

The energy crisis and the resultant doubling of fuel prices, tyre costs and inflation in cost of many of the component parts in trucks has changed this. Transport costs are now rising more rapidly than general material costs. The development of new technology offers little immediate pay-off in productivity. For although Volvo, for instance, has 70 ton trucks (equipped with two engines and 12 axles) operating in Northern Sweden, where one driver and vehicle can do the work of three normal trucks, environmental considerations exclude such technical developments in inhabited areas.

Nevertheless a great deal of improvement can be made in existing trucks and in transport costs by making the best use of present technology. Ryder International, the world's biggest truck company, which has a fleet of 57,000 vehicles covering 1,000m. miles annually in the U.S., has put its experience to test in building 10 prototypes of an advanced and economical truck.

The truck with a long, streamlined bonnet looks more like a train than the conventional flat-fronted truck. But superior aerodynamics, achieved through streamlining and blanking off the area between the truck and trailer and between truck and road led to a fuel saving of between 25 and 35 per cent.

Maintenance costs should also be far lower, since the Ryder truck has its engine behind the cab in a special cradle that can be lifted out and exchanged for repair. A great number of detailed improvements have been made to make the truck more reliable and durable and to extend the intervals between major servicing to as much as half a million miles.

Computer

Many of these improvements, which range from an entirley new sealed battery, to life-time hoses and clamps, automatic clutch and brake adjustment systems, a reservoir which keeps engine oil permanently topped up and long-life light bulbs have been or are being fitted to Ryder's big fleet of trucks, thus reducing haulage costs.

Most of the modifications were discovered through an extensive system of management reporting instituted by Ryder at all the 450 service stations which the company owns and operates for its own fleet. A large computer analyses the performance of each vehicle type over each type of terrain, right down to details of individual trucks and individual drivers and specific repair items. The computer regularly spills out exception reports, which warn when any vehicle or group, or service centre has deviated more than a certain amount from the expected standards. It also shows the number and nature of repairs, whether they were scheduled, non-scheduled or emergency and can break them down by truck type, by area, by repair facility or almost any other conceivable way.

This impressive information system produced some results which surprised even Ryder's knowledgeable and experienced service chief, Pat Paterson. Most of the expensive repairs, which were causing trucks to come off the road and were losing money for Ryder were caused by the fiddly, little items. The seventh most expensive item in the repair costs were bulbs and the tenth most expensive wipers: light bulbs, indeed, had the second highest frequency of repair over the year. Starting systems were costing Ryder over £100 per vehicle, per year, or about £6m. across the fleet.

Multiplied across an entire nation's transport system, the cost of unscheduled repairs to minor items which take trucks off the road can reach almost astronomic figures. So can the cost of using the wrong truck or the wrong engine power, which can be wasteful either in fuel or in repair charges. Ryder found, during a special test in rough conditions in Texas, that the use of European-built diesel trucks such as the Volvo F86 could achieve savings of 15 per cent. in fuel and 40 per cent. in maintenance compared with the traditional Cummins-engined American truck.

Cost savings

Studies made in Britain show that the adoption of the Continental truck of 38 tonnes instead of the British 32-ton maximum, while retaining the same axle loadings, could lead to cost savings of as much as 11 per cent. The use of the even larger American truck, of up to 55 tons, could lead to cost savings of almost 50 per cent. per ton-mile: but that could hardly be contemplated without the construction of new road systems.

There is little doubt that under suitable conditions, the large truck can offer comparable fuel efficiency and superior flexibility to the railway. Volvo's experimental 70-ton trucks were expressly built to compete with rail transport and proved effective until the tax situation was altered against them.

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY.
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FRIDAY, MAY 23, 1975

Concentrating the mind

THE TUC can normally exercise only a limited control over the behaviour of particular union leaders, and union leaders themselves retain their posts only by being responsive to the changing mood of their members. The General Council has itself admitted something of the sort—in its latest public statement on collective bargaining and the social contract. In the course of claiming that its wage guidelines have been more generally observed (special cases apart) than "much uninformed comment" suggests, it states that most negotiators have done their best to keep within the guidelines "often in the face of considerable pressure from particular groups of members." If they are to keep within the present guidelines or a revised set more effectively, therefore, it is the climate of union opinion in the individual factory or office that has to be changed.

The fact that the TUC has now begun to talk about the need to exercise a more positive influence over the size of wage settlements suggests that the climate of opinion among ordinary members has in fact begun to change. The repeated warnings issued by Mr. Healey and other Ministers may at last be producing their intended result.

Price-wage spiral

It seems at least equally likely, however, that the change of opinion is due to alterations in the economic environment—of which two, in particular, are of interest to organised labour. The first is the way in which retail prices are rising faster than average earnings, a tendency which has recently become more marked. If a growing number of trade union workers are now beginning to recognise that excessive wage settlements play a key part in the inflationary process, and that the main results of this process are a general decline in competitiveness and business activity, the time may soon be ripe for an attempt to interrupt the wage/price spiral. Inflation can be brought under control as soon as a majority of voters believe that it is in their personal interest to see this brought about.

The second notable change in the economic environment is the steady rise in unemployment. The idea that there is some precise correlation between the level of employment and the pressure of demand for higher wages has gone out of fashion. If there is a correlation, it clearly varies widely with circumstances, and in present circumstances there are only limited lessons to be learnt from past experience. At present, moreover, a great deal of the pressure for higher wages is coming from the public sector, where normal commercial restraints are not operative and a satisfactory alternative has yet to be devised. The growth of redundancy in private industry is not likely to affect the militancy of public sector unions except indirectly.

New contract

Yet the latest unemployment figures, together with the associated rise in short-time working and drop in unfilled vacancies, is large enough to make the trend unmistakable. The gross total has in fact fallen, mainly because a large number of adult students who were registered as unemployed during the Easter vacation are now (temporarily) again off the register. But if one ignores students, school-leavers and those who are only temporarily unemployed, and if one makes allowance for normal seasonal changes in the demand for labour, it becomes obvious that the upward trend of unemployment is still rising—if anything more steeply than before.

The Paymaster-General has recently repeated the strong case already made by the Chancellor against any general stimulation of home demand while the rate of inflation is so much more rapid here than in other countries. The provision which will make it possible for the Government to subsidise firms proposing to make workers redundant up to the limit of the compensation for redundancy that they would otherwise have to pay, is not yet available for use, whatever its merits or disadvantages. Provided that it can be kept within bounds, therefore, rising unemployment should encourage the negotiation of a new social contract, more relevant to present circumstances. The chief need is to ensure that it is negotiated quickly and observed rigorously—especially in the public sector.

When pensions could fall behind

IN TERMS of past performance Mrs. Barbara Castle's announcement of higher rates of pension and social security benefits payable from the week beginning November 17 is reasonable enough. Retirement pensions and other long-term benefits will go up by about 14.6 per cent., while unemployment and sickness benefits will be increased by slightly more than 13 per cent. This will be the second increase this year: the first took effect in the week beginning April 7. It puts the income of pensioner couples up to £1,300 a year from November and looks on paper to be at least as generous as any previous increases.

The danger

In practice the new rates may leave all those who depend on social security (including the many retired persons whose sole income is a State pension) worse off than they have been for a number of years. This is not simply a result of the abolition of the Christmas bonus: any sensible review would arrange for an absorption of this particular "benefit" into general payments since it was an absurd form of pandering to popular sentiment that caused a great deal of irritation and not a little injustice to those who for one reason or another had to be left out. The real danger, from the point of view of the beneficiaries, is that inflation may canter ahead at a pace far more rapid than the apparently sanguine calculations of the Government would suggest.

The present commitment is to keep pensions and other long-term social security benefits in line with the movement in national average earnings, unless the movement in prices would be more advantageous for those who receive the money. Because of this the old practice of annual reviews (every other year in better times) has been abandoned: increases now seem to come every eight months or so. From the recipients' point of view the awkward fact is that, however well-intentioned this may appear to be, the figures arrived at are flawed, since they refer to the history of the immediate past rather than estimates of the likely future course of inflation.

Thus the increases that took effect some six weeks ago were based on the rate of inflation of earnings recorded in the nine months preceding last August: the award was in the region of 15½ per cent. Yesterday's announcement, which takes effect next November, is based on the movement between August 1974 and March 1975. It is a gamble: if wage inflation slows down between March and the end of this year the pensioners will be that much better off: if it does not they will have lost out. The Government is of course committed to making up any lost ground in the next review, but this does not alter the fact that in times of extremely high inflation those who are worst off are in the greater danger.

Time-lag

The effect on the rest of the community will be felt after a time-lag of about half-a-year. The new arrangements for the National Insurance Fund provide for earnings-related contributions; these should rise in the same way as income tax and finance higher benefits out of "fiscal drag." But Mrs. Castle warned yesterday that this may not be enough: the costings will be reviewed during the summer, so that the Government can be ready to propose higher contributions in the 1976-77 fiscal year.

In dire pecuniary straits, New York has a begging bowl out. Guy de Jonquieres analyses the crisis

The financial maggot eating away at the 'Big Apple'

NEW YORK CITY is close to going broke. For years, it has managed to muddle along, relying increasingly on heavy borrowing and a variety of imaginative accounting gimmicks to make ends meet. Now its administration is being forced to face up to the brutal reality: supplies of credit through the normal channels have dried up, and no amount of fudging the books can defer the day of reckoning.

New York has faced financial squeezes in the past and survived. Indeed, its history for much of this century has consisted of a series of flirtations with impending financial disaster, though, somehow it has always pulled back from the brink just in time. What makes this crisis different is the sheer amount of money involved.

The city has just one week left in which to try to scrape up $280m. to redeem short-term debt of $220m. which falls due on May 30 and to meet municipal payrolls. But this is only the tip of the iceberg. By June 30 it must somehow raise $1bn. short term to meet its commitments. This is equivalent to roughly *half* the city's total expense (operating) budget only 15 years ago and about a twelfth of its current budget.

Forced to cancel

Last Monday the city was forced to cancel plans to sell $280m. of short-term notes at auction. The offering bore a triple A rating—the best possible classification — from Moody's Debt Rating Service. But Wall Street's evaluation of the city's creditworthiness has sunk so low that the notes either would have attracted no bids at all or could have been sold only at an astronomically high interest rate.

The previous week, President Ford rejected a request by Mayor Abraham Beame for a $1.5bn. Federal loan guarantee similar to the one granted to Lockheed Aircraft in 1971. In desperation, the city asked the banks to underwrite a negotiated issue. Its appeal was briskly rebuffed, leaving Mayor Beame no choice but to carry his begging bowl back to the State capital in Albany, where the Senate is dominated by a largely unsympathetic Republican majority.

The banks' rejection came as no surprise. They already hold a sizeable proportion of the city's debt—as much as 25 per cent. by some estimates—and are unwilling to absorb additional amounts of unmarketable paper. In any case, most banks are already burdened with too many dubious assets in the form of loans to shaky real estate investment trusts (REITs) and other illiquid business concerns.

If New York cannot raise the money to redeem its maturing short-term obligations it will go into default. The consequences could be catastrophic, further damaging confidence in the city's credit and probably preventing its return to the capital market for the foreseeable future. During the next 14 months New York must raise at least $7bn. short-term to pay off existing debt and finance its day-to-day operations, according to the Citizens' Budget Commission, an independent watchdog agency.

While struggling with this knotty problem, Mayor Beame is also striving to balance the city's $13.2bn. expense budget for the next fiscal year, which starts on July 1. The budget, which is exceeded in the U.S. only by that of the Federal Government, must be balanced to within 1 per cent. before it is presented to the State legislature for approval. But, despite a round of proposed tax rises and expenditure cuts, the mayor estimates that there remains a deficit of $641m. Some authorities believe it may be even larger.

How did New York get into such an appalling mess? High rates of inflation and the recession have played a part. But, although the deterioration in city finances has accelerated rapidly in recent months, the present crisis has been in the making for at least ten years. What looks like a fall over a precipice has, in reality, been a gradual slide.

The roots of the problem can be traced back to 1964, when Mayor John Lindsay began borrowing in the market to cover a small budget deficit. Since then deficit financing has become a way of life, and in the past year outstanding short-term debt has almost doubled to about $8bn. The city is trapped in a vicious circle: the more it borrows, the more investor confidence declines, requiring it to offer higher and higher yields. This in turn adds to its debt service costs, forcing it to borrow more to fill the gap.

Debt service is now the single largest category of expenditure, accounting for almost a sixth of the current budget. New York's huge borrowing needs result partly from the awkward timing of Federal and State payments, which account for nearly half its total revenues. Much of the $1bn. it must borrow by June 30 will flow in soon after that date, but this fact has not been enough to reassure creditors.

The extent of the city's problems has been masked for some years by devious accounting methods for which Mayor Beame, as a former City Controller, must share the blame. To balance the expense budget, operating expenditures have been transferred wholesale to the capital budget, where project financing now jostles uneasily alongside the subsidy for the city's $0.35 transit fare and salaries for contract engineers. As a result, next year's capital budget contains a paltry $5m. for major new construction projects.

Operating costs have risen rapidly as a result of substantial wage increases won by New York's militant public service unions. Wages, pensions and fringe benefits now account for about half the total expense budget and have been going up by about 10 per cent. a year for some time. The total compensation of an average New York policeman is about $23,000 a year—more than the salary of a university-educated assistant vice president at many big banks—and the police union is seeking to push this up to almost $30,000. Moreover, under a recent change in the regulations, city employees' overtime counts in determining their pension benefits.

Mayor Abraham Beame (left) is the man currently grappling with New York's financial problems: Mr. John Lindsay (right) was the Mayor who started borrowing in the market in 1964 to cover a small budget deficit. Since then, deficit financing has become a way of life.

These factors do not make up the whole story, either. For years, New York's tax base has been eroding as light industry has moved elsewhere in search of cheaper labour. At the same time the more prosperous families have been fleeing to the leafy suburbs. Their place has been taken by poorer blacks and Puerto Ricans, with a greater need for all kinds of social services but with less ability to pay for them. Raising tax rates only accelerates the process by driving out still more affluent residents.

This dilemma is by no means unique to New York, though the city is unfortunate in having an unusually small land area in relation to its population. Some other cities, including Minneapolis and Jacksonville, have eased their problems by enlarging their boundaries and thus their tax base. It is doubtful, though, that New York could follow suit. For the city would have to win the approval of the State Legislature, where representatives of the more prosperous suburbs would raise fierce opposition.

The room for a comprehensive, once-and-for-all solution to New York's recurrent difficulties is thus severely restricted—not that anyone involved is either willing or able to give serious consideration to such an approach at the present time anyway. The most radical alternative to have surfaced so far is the suggestion that the city enter a petition under Chapter IX of the U.S. Bankruptcy Act.

Cities have declared bankruptcy before in America, but never cities anywhere like as large as New York. Moreover, as well as erasing the city's hopes for a return to creditworthiness, such a move would be almost impossible to implement because of the intricate and enormously long-winded legal conditions involved. Discussion of the idea thus seems more to reflect desperation than a practical alternative at this stage.

The best that the city can hope for in the immediate future would seem to be some form of compromise, under which the Beame administration would get outside aid in return for a pledge to impose strict austerity measures. Some dimly hopeful signs may be emerging. Mr. John Marchi, a leading Republican State Senator and a former mayoral candidate, has said that he will sponsor a Bill to advance State aid to the city, provided Mayor Beame closes the deficit in the New York budget. Another Republican, Senator Roy Goodman, is trying to put together a package involving federal aid. And a few bankers are conceding privately that they might just reconsider their position if the city shows itself to be willing to put its own house in order.

Any such arrangements would entail a difficult commitment by the Mayor. Most economists agree that city tax levels are close to their natural limit, and that the budget gap can be closed only through expenditure cuts. The Mayor has, until now, vigorously opposed such an idea. A few days ago he published a "horror list" of the cuts that would be needed: dismissing 38,000 of the 338,000 municipal employees, a 25 per cent. reduction in police street patrols, closing four hospitals, eliminating 66 fire stations, and so forth.

Getting the message

Yet Mr. Beame may be getting the message. Earlier this week, he called in municipal union leaders and urged them to adopt a four-day working week and to forgo a 6 per cent. pay rise scheduled for July 1. Both measures—each of which would save an estimated $500m.—were rejected by the union leaders on the spot.

Persuading the unions to accept some sacrifice for the sake of the city will be an essential part of any austerity plan, since wages and benefits comprise the great bulk of the controllable expenses in the city budget. It will not be easy. The union leaders, who blame the commercial banks for the current crisis, are well-entrenched, and known for their stubbornness. If they wished to make a show of force, there is little doubt that they could paralyse the city by calling a municipal workers' strike.

Still, if the banks were to give some ground, it is conceivable (though by no means certain) that the unions might also yield a little. And the State might be willing to step up its aid to the city as well. Such is the stuff of compromise. In all likelihood no one would be very satisfied, but few people would be utterly disappointed.

Time is running out, however, and there remains the question of how to avert a default on the next batch of maturing short-term debt. If some agreement can be reached quickly on bridging the next budget deficit, it may be possible to fix up an arrangement to tide the city over the next few weeks and enable it to go muddling along for a while longer. But if no decisive moves are taken within the next few days, the consequences for the "Big Apple" are unimaginable.

MEN AND MATTERS

Courtesy of Mr. Mulley

What distinguishes the new Neath By-pass from the Esher By-pass? Or the Ware By-pass in Hertfordshire from the King's Lynn By-pass. All have been, or are being built by the same group, FrenchKier Holdings. The difference is that the Neath and Ware jobs were tackled by the Kier division of the business: the others are among 16 road-building projects by the W. and C. French (Construction) side which is receiving Government aid because of a liquidity crisis.

John Mott, chairman of FrenchKier, was reluctant last night to assign blame: he did say Kier was helped by a "wider spread" of interests. The group was created by the 1973 takeover of J. L. Kier by W. and C. French. At first, Thomas Wignall from French took the chairmanship but was succeeded in a Board reshuffle last November by Mott, a civil and structural engineer who joined Kier back in 1952.

Wignall remained a director to concentrate on tackling the problems at French, which, it now turns out, first started receiving Government help before the end of last year.

Unless FrenchKier does well enough to pay off the £4.5m. convertible loan element of the support package, the State could end up with 28 per cent. of the group. But this was not, Mott insisted, a British Leyland-type case: to underline the fact, he reported that assistance was coming via the Department of the Environment (the privilege of announcing the loan and the grants fell in the Commons yesterday to Transport Minister Fred Mulley) rather than the Department of Industry.

Mott saw no reason why shareholders should have been told earlier of the State intervention. After all, French received all its income from the State anyway, and "personally, I find it hard to distinguish between one lot of Government money and another. We have been dealing with our employer."

Shazli exit?

Saad-eddin Shazli, the Egyptian general who is said to have escaped Israeli clutches in Sinai in 1967, after saving many of his troops, by escaping back across the Canal disguised as a bedouin, and who later won mixed glory as Chief of Staff in the October War, may soon slip further from grace. Although there was no official confirmation from either side yesterday, it appears that Cairo is seeking agreement to appoint a new man to replace Shazli at the Court of St. James. The word from the banks of the Nile is that he will be moved on to Lisbon.

While most professional diplomats would regard London as a plum job, Shazli took the post with evident reluctance (quite apart from the objections of some Jews that, as military attache here in the 1960s, he had tried to mobilise ultra right-wing movements in Britain against Israel). He was being moved out from the centre of power following disagreement over October War tactics and when he defended his views in a talk in London last year, President Sadat ordered him to cancel a subsequent speaking engagement. The two also clash on policy toward Russia.

Shazli's successor here is likely to be Samih Anwar, who was Minister Councillor in London from 1963 to 1966 and a former Minister of State for Foreign Affairs. Aside from the prospect of Lisbon, it is thought that Sheikh Zaid, President of the United Arab Emirates and Ruler of Abu Dhabi, might try to tempt Shazli to run the merged union defence force he is trying to build up.

"He lost control when he heard there would be no trains to wreck on Saturday!"

Pampas wine

Why should Sir Jack Cohen and the Argentine Ambassador stare into the same dark glass? The thought of getting the British to accept cheap Argentine wine instead of the European varieties. From next week Tesco will be pushing the South American drink through its 371 off-licence departments. At yesterday's launching party, Leslie Porter, the Tesco chairman, was moved to call it "the cheapest respectable wine on sale in Britain today." That, after the Budget's 24p increase, means 79p a bottle.

The Argentinians produce plenty, coming Number Four in the world league and in some years overtaking the Number Three, Spain. But they also drink a lot and, apart from other South and North American countries, exports have been quite a recent development, though the Ambassador said the French had long been buying the stuff and labelling it as their own. But the attack on the British market through the Vinos Argentinos consortium only began seriously four years ago.

Morgan signed up with Rigby and Evens, the wine subsidiary of the Matthew Clark drinks group, to start selling the wine in Britain. Rigby and Evens has now sold the idea on to Tesco, and if the supermarket group's forecast of selling 150,000 gallons in the first year is proved correct, that would add about a third to the Rigby and Evens' Argentine total and make up a tenth of all Tesco's wine sales.

It might seem remarkable that, with the European wine lake and the shorter distance involved, a South American wine could sell cheaper than most of its European rivals. But the claim is that shipping costs from Buenos Aires to Southampton are actually lower than those from Cadiz to the same port, and that Argentina's climate makes for very consistent quality. The wines, however, are called Franchette, which you might think made them seem to come from closer to home.

Justice

The *Sutton & Cheam Herald* has been reporting on Community Service Orders, the scheme whereby offenders atone by doing useful work rather than serving prison sentences. It quotes a community service organiser's case history: "One man was in court five times in one year for indecent exposure. In the end we gave him a CSO to pose nude for the local art school. That was two and a half years ago and he hasn't committed an offence since."

Observer

FINANCIAL TIMES SURVEY

Friday May 23 1975

Finance for the Smaller Company

THE SMALLER COMPANY II

For the smaller company, which is very often likely to be a private concern, matters of day-to-day finance may normally not prove too pressing. But once development and expansion present inviting prospects, problems can arise. It is an area of finance which is receiving growing attention.

Problems of unfamiliarity

THE CONSENSUS opinion is that smaller companies fail to acquire the appropriate finance (a) because certain forms of finance are not available to them, (b) because they do not know just what is available and (c) they fail to present their case properly to the provider of the facility.

For the large, expanding company the raising of finance is a regular, almost day-to-day function of management. For the smaller company, however, apart from the occasional visit to the bank manager for overdraft facilities, the whole process of fund-raising is totally unfamiliar. Expansion may even be a once-a-generation decision. Balance sheets are often regarded as something that has to be compiled for the benefit of the Inland Revenue or the bank manager—a compulsory discipline, in other words—and not something that should be studied, understood and used as a management tool. As for financial planning, and such terms as cash flow, these usually remain a mystery.

Quite often the owner or manager of a small business will be vaguely aware that he is running short of capital for, say, stock or for tiding him over until a customer pays his debts. But more frequently he will not know exactly how much he needs, in what form he needs it and for which part of the business. This is where the smaller man really fails, and it is for this that he is often penalised.

He might really need £30,000 when he has asked for £10,000, or vice versa. He might not need cash at all but a leasing arrangement or the services of a factor. It might be that, with a little financial planning, there is no funding deficiency at all. It is the man who fully understands his business and his requirements whose request for finance will fall on the sympathetic ear. Perfectly sound propositions are rejected purely because the businessman has not compiled his case adequately.

The clearing banks remain the primary source of short-term, relatively cheap finance, and it is to the local bank manager that the smaller businessman generally runs when there is any problem. Here, some genuine efforts are being made to educate the businessman as to the criteria on which the bank manager will base his decision. Barclays, in particular, has gone out of its way to produce three booklets specifically to cater for this need: *Borrowing From Your Bank*, *Understanding Your Annual Accounts* and *Improving Financial Control*. These booklets back up Barclays Business Advisory Service which is free and may be called upon if the bank manager believes any situation is beyond his scope or if the business, which might even be in excellent financial shape, could benefit from a little professional application and tuition.

Accelerating

If the BAS representative diagnoses or recommends tighter financial controls—cash flow forecasting, monthly profit and loss reporting, etc.—then the company would be helped to set up and operate such a system. If the requirement is for some other forms of finance to be employed—leasing, factoring, hire purchase or whatever — then the appropriate Barclays arm would be brought in. In the event of something like equity capital being required, in other words something that the Barclays set-up cannot provide itself, then the appropriate introductions outside would be made. So far, BAS (formed in 1973) has carried out 1,650 surveys and there is an accelerating trend. The bank feels that it has "not even scratched the surface."

The Government, while accepting the Bolton Committee's view that subsidised finance should not be provided for this sector, has made some efforts of its own to provide information and to bridge the communications gap that very clearly exists. There is now a Small Firms Division which was formed following the Bolton Report. There are also ten Small Firms Information Centres, each consisting of a staff of three, which may be telephoned free of charge. These centres do not pretend to know all the answers but will generally act as a source of business contacts—merchant banks, local trade associations, consultants etc. They will advise not only the mature company but also anyone starting from scratch.

The Smaller Businesses Association, however, remains highly critical of the attitude of successive governments in their failure to recognise the problems of what is justifiably argued a vital part of the U.K. economy. The SBA is Britain's member of the Geneva-based International Association of Crafts, Small and Medium-sized Enterprises which in turn has 26 members representing 10m. small businesses. It is also the small companies' only link with the European Commission in Brussels, Britain having decided not to appoint a special representative.

What the Association would like to see is (a) the appointment of a special Minister to look after the welfare of the smaller business community (b) the introduction of a Credit Guarantee system, such as operates in France, Holland and the U.S. and (c) some of the cash in the EEC's Regional Development Fund going to smaller businesses. They maintain that they are denied medium and long-term finance from the banks, that the terms and conditions are made too difficult by the ICFC and that the only help from the City comes in the form of equity participation which destroys incentive and frightens off the man who wishes to run his own show. That said, of course, the banks are not in the risk capital business and to have to justify borrowing for the average businessman is not unreasonable. To expect finance with no strings attached is unrealistic.

Argument

The ICFC would certainly refute the Association's argument. The emphasis there is on identifying the requirement, providing the finance and letting the individual get on with running his business. Most of the approaches to the ICFC arise from accountants, bank managers and solicitors (in that order) and the idea is not on maximisation of profits. If management assistance is needed then the ICFC can oblige, but otherwise aims to keep out of the way.

The ICFC currently has investments in around 2,850 companies. However, the main difference between equity funding ICFC-style and traditional merchant bank style is that the merchant bank will seek to obtain a return as quickly as possible. The idea is to get as much mileage out of a company, as rapidly as possible, either by selling the stake later at a profit or by seeing the company go public and then selling the holding. The ICFC, on the other hand, claims to be a long-term holder with no intention of rushing the company along or of installing a director.

The new Group, Finance for Industry—which comprises the merged ICFC and Finance Corporation for Industry—stated in its annual review that "The primary function of the group will continue to be the provision of medium and long-term finance for the development of British Industry, but the priority given to profitable investments in the U.K. will not preclude similar investment abroad."

It would not be unfair to say that the ICFC is viewed by the traditional merchant banking sector with some jealousy. For a start, the ICFC has not suffered (or likely to suffer) from any shortage of funds. As most observers of the City will have noted, not all the merchant banks have had that much cash to play with during the crisis atmosphere of the past couple of years. It has just become apparent that one or two of the merchant banks are back on the venture capital trail, many banks having virtually wound up these activities in line with all the other problems in corporate finance.

However, there are some fundamental changes in the market. It is thought no longer possible for a company to be brought to the stock market earning only £200,000 or so in pre-tax profits. The argument runs that the smaller investor who used to support such issues is still holding losses and is unlikely to enter the fray again. At the same time the institutions will not support smaller issues because a reasonable investment—say £100,000—would represent a disproportionate share of the company's equity. And also that holding would probably be unmarketable.

So the feeling is that companies coming to the market will have to be earning £1m. or more before tax. If this is true, it means that the merchant banks will have a much longer haul before they can realise their investment.

For the bright company with a bright future it is probably true to say that there has never been any shortage of finance. The companies that do experience difficulty in obtaining finance, however, are those with a requirement for medium/long term finance but which have no particular growth image and do not lend themselves to merchant bank stimulation. Companies in this category tend to fall between a number of stools. The basic deficiency remains one of communication, though there are indications now that lines of contact are being created.

Keith Lewis

LENDING BY THE LONDON CLEARING BANKS

	Total Outstanding	Change on Quarter	Change on Year	% of Total
MANUFACTURING				
Food, drink and tobacco	749	+ 13	+ 218	3.5
Chemicals and allied industries	462	+ 54	+ 154	2.1
Metal manufacture	317	+ 8	+ 95	1.5
Electrical engineering	711	+ 14	+ 193	3.3
Other engineering and metal goods	1,926	+125	+ 435	8.9
Shipbuilding	808	+ 17	+ 114	3.8
Vehicles	736	+ 49	+ 219	3.4
Textiles, leather and clothing	435	+ 11	+ 29	2.0
Other manufacturing	763	+ 15	+ 216	3.5
Total	6,907	+306	+1,673	32.0
OTHER PRODUCTION				
Agriculture, forestry and fishing	761	+ 6	+ 100	3.5
Mining and quarrying	105	+ 6	− 3	0.5
Construction	1,549	− 10	− 3	7.2
Total	2,415	+ 2	+ 94	11.2

Bank overdraft facilities

THE BRANCH manager of one of the big clearing banks is for most small companies the prime source of finance and of financial advice. For many, the overdraft and other facilities provided by the banks are likely to be the only source of finance. For these reasons, the clearing banks occupy a special and crucial position in relation to the small company sector as overwhelmingly the biggest lenders, enjoying the confidence of businessmen to a degree unmatched by any other financial institutions.

Their dominance in this field is founded on a number of major advantages they have in cultivating contacts with small business. First, the extensive branch networks of the big banks make their service easily accessible and provide the opportunity for building regular contact with business customers. Secondly, the main form of finance offered by the banks, the overdraft, remains by far the most flexible and normally the cheapest lending available for business borrowers.

Reluctant

Over the past year interest rates have remained at relatively high levels, while the banks have found it increasingly difficult to persuade their business customers to increase their borrowings. Uncertainty over the economic future and the impact of inflation, more than the cost of money itself, has made industry reluctant to increase its borrowing commitments. The big banks now have ample funds available for lending, and during the past few months have been able to cut the cost of loans substantially.

With base lending rates down from 12 per cent. at the turn of the year to the current 9¾ per cent., against the background of falling money rates in the U.S. and elsewhere, an overdraft for a small company would probably cost—at, say, 2 or 3 per cent. over base—between 11¾ and 12¾ per cent. By historical standards, this is still fairly high, but in relation to the current inflation rate of more than 20 per cent. it means that short-term funds are effectively available to industry at negative cost. Moreover, there is no doubt that compared with most other forms of borrowing the overdraft has retained its position as the least costly.

As a form of borrowing it remains very flexible. The ability to negotiate a limit with the bank and draw on it as and when finance is needed—to meet, for example, seasonal movements in stocks and work in progress or simply to finance the higher cost of stocks at a time of inflation—and to pay interest only on the amount actually borrowed at any time, gives the overdraft an important advantage.

Nevertheless, it is recognised that the overdraft is not necessarily suitable for all types of finance, and the big banks are making efforts to ensure that their small company customers are made aware of other types of finance available both within the clearing bank groups and elsewhere and of the need for financial advice to assist in arriving at a proper assessment of the real financial needs of the company. The traditional relationship between the branch manager and his customers provides the opportunity to develop a more active advisory service, which there is plenty of evidence is widely required.

One of the continuing problems of the small company sector is the unavoidable lack of financial expertise, and the difficulty of gaining access to the wide variety of finance available. Bankers who deal regularly with this sector point out that often a small company has been built up by one man, who may be an engineer or salesman, for example, but who has to rely on professional advice from accountants and the banks for guidance on financial matters.

This has always represented an obstacle for small companies, compared with the resources available to the bigger groups. In the present economic context, however, questions of finance have acquired an importance which has been brought home sharply to companies. Last year's squeeze on company liquidity and the high rate of inflation have heavily underlined the importance to a company of regular financial reporting, of being able to keep a check on the real returns being earned on borrowed money and on the cash flow in and out of the company.

These circumstances have also underlined the importance of ensuring that the right kind of finance is used for particular purposes and on the right scale. A company may decide, for example, that it needs another £20,000 overdraft for various purposes. Whereas some years ago the bank manager would have tended either to approve such an application or to turn it down, depending on the security and the prospective cash flow available, increasingly the banks are inclined to look more closely into the circumstances of the company in order to assess the financing position and to consider alternative arrangements.

This is in their own interests. Some of the traditional ideas of bank lending, where security was the main consideration in making a loan, have been radically changed as bankers have adopted more sophisticated techniques of credit assessment and relied more heavily on forecasts of profits and investment returns in deciding a company's ability to repay a loan. Moreover, the banks have for some years now been making a continuing effort to restructure some of their lending.

Traditionally, the banks have regarded the overdraft as ideally suited for financing, for example, seasonal requirements and the carrying of stocks and work in progress; these can be regarded as self-liquidating items appropriate to a form of borrowing which is technically repayable on demand. In fact, a large volume of overdraft lending has become permanent, representing for the business borrowers part of the capital of the company rather than a temporary borrowing. The banks have been trying to reduce this "hard-core" lending, which limits their own flexibility and may in some circumstances be dangerous for the borrower.

Suffered

In past credit squeezes, when the banks have been required to hold down their lending, overdraft limits have had to be cut. There is some evidence that in this situation small companies, particularly reliant on this form of finance even for permanent capital, have suffered seriously from the sudden removal of support.

Efforts to ensure that the appropriate forms of finance are used for long-term investment, have involved the banks in providing advice to the customers on an increasing scale. Investigation of an overdraft request may indicate that the company does not really need a loan of the size proposed; it may need more, or it may need lending in a different form—medium-term loans to finance investments, an instalment credit deal or a leasing contract.

The incentive for the banks to develop in this direction has been increased by their own extension into a growing range of financial services in addition to the overdraft facility. In one way or another, through subsidiaries or within the banks' own organisation, the big banks are able to offer a whole range of finance. One of their main aims is to make use of their own branch networks to promote these alternative forms of finance as useful supplements, where appropriate, to the basic overdraft system.

Formalised

The development of financial advisory services has perhaps been most formalised by Barclays Bank, with the establishment of its special Business Advisory Service. With specially trained managers around the country, this is available to provide advice to customers on financial problems, both where lending is involved and where it is a question of helping a company to improve its own systems and controls.

Other big banks tend to operate through their branch managers, though these again can call on specialised advice in the various areas of finance from regional offices. It is argued by one big bank that this method is preferred because on the whole the small companies may not take too kindly to the intervention of a specialist adviser, coming in on a temporary basis to report on their problems, but prefer the continuing relationship with a branch manager who has the appropriate expertise on tap.

Over the long run, the development of the banks' advisory services on all financial problems — including for example insurance as well as direct borrowing needs — could make an important impact in improving the effectiveness of the small business sector which is already so heavily reliant on them for straightforward overdraft funds.

Michael Blanden

The reasons for going public

GOING PUBLIC may seem to be a very untopical subject, for there has been a flotations famine of almost unprecedented proportions on the Stock Market for the past couple of years. But the wave of recent rights issues has produced hopes that new listings, too, may be set for a revival.

That is certainly the opinion of Mr. David Macdonald of Hill Samuel, currently chairman of the Issuing Houses Association. "My guess would be that we will see quite a number of flotations before the end of the year," he says, "and we may see the first one before the end of the summer."

He was speaking shortly before the announcement that Akroyd and Smithers, the London firm of stock-jobbers, plans to have its shares quoted soon through an introduction. Until conditions become more settled, issuing houses will probably be reluctant to risk any firm with pre-tax profits less than £1m. or so. But quite a number of small companies might follow along behind, and they will already need to be well ahead with their planning. So just why do companies want to go public today, and how should they set about it?

There is, of course, the question of status—moving into the quoted sector can be something of a glamorous event, possibly rubbing off on to the actual trade of the company. But the fact that substantial groups like the Littlewoods pools and retailing empire and insurance brokers Willis Faber and Dumas still cling to private status emphasises that the argument is by no means one-way.

Dealing

The obvious reason for a public flotation is that, by definition, it allows easier dealing in the company's shares. In the rare case of a simple introduction to the lists this is the straightforward explanation. More generally, the proprietors of a private concern wish to realise part of their interest in the company, whether for reasons of diversification or for payment of taxes. Sometimes it may be necessary to raise new capital for the company itself, and public offers sometimes comprise a mixture of new and existing shares. Looking further ahead, access to the equity capital market will make it easier for firms to grow through takeovers and rights issues

These are all substantial advantages, but going public also involves considerable responsibilities. There is the general point that the interests of a much wider range of shareholders has to be considered. More specifically the company has to comply with the Stock Exchange's rules on the admission of securities to listing—the so-called "Yellow Peril."

It is pointless to try to summarise its 180 pages of regulations here. But apart from the technical matters, it is worth emphasising the need for much higher standards of confidentiality: "Directors should not divulge price-sensitive information in such a way as to place in a privileged position any person or class and category of persons outside the company and its advisers."

Directors need to be very careful about how and when they deal in their shares. Important developments have to be disclosed. Results have to be produced every half-year on rigid timetables to prevent rumours. And quoted companies are required to comply with the complex provisions of the Takeover Code.

Of all these pros and cons the personal financial position of the major proprietor or proprietors in a business is often the most important. And in this connection there has been considerable discussion about the effect that the Labour Government's new capital taxes are likely to have on the stream of flotations.

On the face of it Capital Transfer Tax will tend to force more companies to the market by making it more difficult for families to pass on shares to the next generation. On the other hand the prospect of a Wealth Tax is a deterrent, for owners of a private company may fancy their chances of negotiating a lower valuation with the tax inspector than the unarguable one that might be applied by the stock market.

The uncertainties may create a temporary lull, but the flow should recover in due course. "CTT and Wealth Tax don't really make it less attractive to unlock capital," argues David Macdonald.

A public flotation is normally something that is planned a matter of years in advance. The objective is to arrive at the issue date with a good record, and references which will appeal to the market; emerging from a reputable issuing house stable is the best method of ensuring this. The company will also need to be of a reasonable size before it can be quoted; the Stock Exchange minimum capitalisation is £500,000, suggesting pre-tax profits of near £200,000, but as has already been pointed out they will need in practice to be a good deal larger than that unless conditions change sharply for the better.

Going public can be arranged without a merchant bank, but it is probably advisable to enlist the service of one unless there are strong links with specialist brokers. The issuing house will set a number of developments in motion. It will seek to rationalise the corporate structure of the private concern, which is often spread between several different private companies; it will bring in well-known accountants to join or replace the existing, possibly local, auditors; it will look for other small firms to strengthen or diversify the activities of its client.

Scrutiny

Changing from a private group to a public company which will be subjected to searching outside scrutiny can be a far-reaching process. A proper management and product structure may have to be introduced, for the small firm is often an excessively one-man, one-product operation. The balance sheet has to be constructed in a way which will produce gearing levels and debt structures acceptable to investors.

Attention to accountancy practices is probably among the most important requirements. One of the reasons why the profit records of newly floated companies usually look so good is that whereas private companies basically wish to show as little profit as the taxman will tolerate, public concerns are much more shop-window-conscious. Expert advice is obviously needed here.

An issuing house will probably also order a full investigation by lawyers and property valuers. And it may recommend that payment of dividends—however small, and however far ahead of flotation—should begin, with an eye on the trustee status regulations which require five years of consecutive payments.

As the date of the planned flotation approaches the final decisions will be made about the details of the issue. The number of shares to be offered by the existing proprietors and the extent of any new capital issued by the company itself will have to be established. Normally at least 35 per cent. of the equity will have to be sold to the public. Then there is the question of whether the flotation will follow the normal pattern of an offer for sale, or will be a placing, which is sometimes more suitable for small companies which cannot expect any great public interest.

Small companies do not have to worry about taking a place in the Bank of England's new issue queue, which is only required when £3m. or more is being raised. But the issuing house will still be very careful about timing, since picking a good moment for the stock market may be crucial to the success of the issue, and will affect the price which is not fixed until right at the last moment.

This is where the brokers to the issue come in, with the aim of getting the shares off to a good start and ensuring a good subsequent market. Ideally, a modest premium will develop over the issue price when dealings begin; if the issue were to flop or the shares go to a discount this would sour the early public life of the company, and if on the other hand an excessive premium arose this would imply that the vendors had sold out too cheaply. Such delicate judgments are obviously much easier to make in a period when the new issue market is active than at a time such as now, when any flotation is very much of a step in the dark.

Barry Riley

Indirect aid from Government

ONE OF THE major sources of finance for small companies is the Government itself. But unlike some others, the U.K. Government does not believe in giving financial and other assistance to small firms first because they are small firms. This is in line with the recommendation of the Bolton Committee that no special subsidised financial support should be given to this sector. However, the Government does run information centres specifically for small businesses, which do of course benefit from the general aid given to industry by the Government.

But there is evidence that small firms as a whole do not receive as much aid—as a proportion of new output—as do larger businesses, partly because the smaller organisations appear sometimes not to know what is available and therefore do not claim those benefits for which they may be eligible.

The main Government assistance is available under the terms of the 1972 Industry Act. This is primarily intended to support companies which want to establish themselves or expand in the various assisted areas which fall into the categories of Special Development, Development and Intermediate Areas. This aid takes a number of forms, including the provision of grants to companies moving in from outside a development area, or towards the cost of constructing a factory, while custom-built factories are provided by the Department of Industry for rent and sale.

It is, however, often forgotten that the assisted areas now cover half the country—taking in almost the whole of the area to the north and west of the Midlands, including Scotland, Wales, almost all of England north of a line between the Wash and Cheshire, as well as part of the South-West in Devon and Cornwall. The level of assistance is also much greater than in the past and one obvious attraction is that companies which are already in an area and expand are treated on the same basis as organisations which move in. The Government also provides help under the terms of the Act in other parts of the country for some types of project in certain strictly defined circumstances.

In addition, there is the whole range of investment incentives covered by the tax allowances for capital spending, which are available to all companies in all sectors throughout the country. The result is that companies can charge the full cost of capital spending on plant and machinery against profits for tax purposes in the first year. This means that at the current rate of corporation tax, companies only have to finance 48 per cent. of the cost of new equipment—or 58 per cent. for small companies paying the special lower rate of corporation tax. The allowance on industrial buildings is rather smaller—amounting to only 40 per cent. for the first year.

Grants

In the assisted areas themselves, regional development grants are available on capital spending in manufacturing, mining and construction and various processing and research activities, and there is a range of grants for new buildings and works. These grants are paid in addition to the full tax allowance, and the result is that in the assisted areas, companies will have to finance only between 26 and 28 per cent. of the cost of machinery and about 55 to 57 per cent. of the cost of new industrial buildings by the time their first year's tax bills will have to be paid. The percentage is rather higher, however, for those organisations paying the small company rate of Corporation tax.

The Government also offers selective financial assistance in the various development areas. In order to benefit, projects have to stimulate employment and have good prospects of viability. Although most of these particular incentives are aimed at manufacturing and construction, grants are available to companies in the service sectors creating ten or more jobs following a move from another area. Projects which create additional jobs may qualify for loans at concessionary rates and grants covering the costs of removal.

In addition to the grants offered by the Department of Industry, the Department of the Environment has made available aid through the Council for Small Industries in Rural Areas. This Government-financed organisation provides financial, technical and managerial support to companies in rural areas and small towns in England and Wales—advancing loans ranging from £100 to a maximum of £20,000 to organisations employing 20 people or less.

Apart from support tied to specific locations, finance is also offered for particular activities. The National Research Development Corporation offers money in an area where small companies have traditionally found it difficult to raise money. It can, for example, support the development of new products or services by small companies where these involve innovation, rather than commercial exploitation of these devices. NRDC has allowed people to develop technically - orientated businesses and is prepared to make joint investments with other venture capital organisations. Its normal way of recouping its investment is a levy on sales. In cases where the project is the major activity of a small or new business NRDC would normally seek an equity stake.

Besides purely financial assistance, the Government also tries to help the smaller business through its network of Small Firms Information Centres where advice is available on the whole range of business problems, from finance, taxation, metrication and industrial training to importing, exporting, planning and form-filling; from rents, technological advances, and industrial relations to the European Community. The basic function of these centres is to put small businesses in touch quickly with the authority, company or the source of supply required.

There are no formal limits to the types of business which can use the centres, though they are primarily intended, of course, for smaller firms—a typical client being a business engaged in the retail trade with a turnover of up to £50,000 a year, or those in manufacturing industry employing up to 200. The Centres at present are at Birmingham, Bristol, Cardiff; Glasgow, Leeds, London, Luton, Manchester, Newcastle and Nottingham.

Aim

Apart for the purely Government sources of help, smaller businesses can also go for assistance to Industrial and Commercial Finance Corporation, whose parent company Finance for Industry was nominated in last November's budget as the channel for funds, totalling £1,000m. eventually, to industry to help alleviate the shortage of medium- and long-term finance.

ICFC operates on a commercial basis in its primary aim of providing institutional finance on an equity and loan basis for small- and medium-size companies. But it keeps its rates as low as possible and is prepared to invest for a longer period than many other organisations. Together with its subsidiary, Technical Development Capital, ICFC will invest in smaller businesses or in businesses likely to grow somewhat more slowly than would interest other investors. They are accordingly prepared to invest smaller sums than are normally available—down to £5,000 or below rather than the usual minimum of £30,000 to £50,000. ICFC operates through a network of 19 branch offices with its head office in London.

Peter Riddell

Suiting sources to needs

HOW DOES the smaller company raise finance other than by direct cash loans, say through a bank? Basically it seems of little relevance whether the company is large or small. Assuming the fund-raising is not out of proportion, the question hinges on creditworthiness. However, it is a reasonable expectation that the smaller company will come under closer scrutiny than a well-known larger counterpart, but for the purpose of this article we will assume that the company can sail through any credit checks.

There are two ways of viewing the position. One is to sit back and examine the balance sheet and determine where cash could be raised out of existing assets; mortgage, factoring, and sale and leaseback come to mind. The other is to consider extra equipment needs when existing cash balances cannot cover the expenditure, and in such cases HP or leasing are possibilities.

The essential premise that the return on capital raised must outweigh the costs of raising the funds must be adhered to; elementary, but sometimes overlooked. Tangible fixed assets, the most permanent of which is usually property, could be mortgaged, or it may be possible to sell the asset to an investment company or similar institutions, and lease it back for a long period at predetermined rent. Of course up-to-date valuations are a must in order to calculate the real returns that are possible.

Of the two, sale and leaseback is perhaps less well known to the small businessman. The plan is to sell the property to an institution, such as an insurance company, for a cash sum, with one of the conditions of the sale that the selling company has a long lease on the property by way of rental. The rent will be an additional cost for future years, which is fair enough as long as the capital raised more than covers the expense of the exercise. The alternatives, such as loans or share issues would also create extra burdens so it is a matter of deciding which will be cheapest.

Factoring may well prove useful to a company with high debtor levels, which it is having to fund with its own bank overdraft. Factoring, and the not dissimilar confidential invoice discounting, are basically forms of short-term finance, putting aside the service aspect for the moment.

Bad debts

What the factor does is to take over the book debts of the company and the responsibility for collecting payments from the company's customers. The factor also insures the company against bad debts or slow payments. Moreover, he will usually advance cash against the outstanding debts to the tune of around 80 per cent., which is often the main reason that the factors' services are considered by management in the first place.

Most factors will take on clients with an annual turnover of £100,000 or more (a smaller amount does not necessarily preclude help) and charges are based on a percentage of the turnover. It is unlikely that charges would be less than 2 per cent. on turnover of £100,000 (although they are open to variation) and it is probable that they would not be more than 1 per cent. on turnover of £1m. plus.

If the company has only three or four customers on its books, the factor cannot really justify his services, and as a purely fund raising exercise it can prove very expensive. For example, a company with an annual turnover of £100,000 may have outstanding debt of £20,000 at any one time in the year. Against this outstanding debt the company may be able to raise £16,000 from the factor to cope with short-term cash shortages. The cost, however, is high and not feasible on low margin sales. For a start the charge for the service would be £2,000 and the factor is charging a couple of points above base rate on the £16,000 advanced.

A factor's service can be most useful nevertheless and some companies take the service without worrying about the cash raising possibilities, but it must be stressed that factoring is no real prop to an ailing company.

Furthermore, there is the point about customers' reactions to being chased up for payments by a factor rather than the company which supplied the goods. It is rather a hoary argument but maybe worth bearing in mind if it could result in customers ordering from competitors, where credit control is more relaxed, or the company's own creditors pressing for payments fearing that the group is in financial difficulty.

If these points bother the reader there is always the possibility of confidential invoice discounting. This is a service similar to factoring in that cash is advanced to the company against the security *of outstanding debts, but in* this case the company runs its own sales ledger and the loans are repaid as the firm collects its debts. There is no credit insurance as with factoring, so bad debts can still crop up and the service is less convenient than factoring. However, there is a corresponding reduction in costs, and outsiders never need to find out of the arrangements that may kindle rumours regarding the firms' financial status.

The next question is how to finance new equipment when existing liquidity is limited and none of the cash raising methods discussed above fit the requirements. Instalment credit facilities would appear to fulfil this need, but whether one plumps for hire purchase or leasing depends on several factors, and the value of the equipment to be acquired. HP can be used for some smaller purchases where leasing cannot, whereas leasing extends to much higher levels in value terms, such as ships and planes. Understandably there are not defined lines where management would automatically go for one against the other and in this field of overlap the choice would depend on cash flow.

With both HP and leasing the *ownership of the goods is* retained by the finance house or leasing company until all the agreed payments have been made, but whereas at the end of the period under an HP agreement ownership is transferred from the finance house to the buyer, with leasing ownership still rests with the lessor, but the company has the option to re-lease the goods at a nominal rate. On re-leasing payments would normally fall annually rather than monthly, and such payments are very rarely more than 5 per cent. of the cost price and more usually around 2½ per cent.

Differences

There are other fundamental differences between HP and leasing, with regard to down-payments and the tax position. Government controls on the amount of deposit required before an HP purchase agreement can be entered into and on the length of time that the agreement can run can deter many would-be users of the facility. Leasing, however, is free of these conditions and while the lessor will probably require a number of payments in advance, purely financial logic is at work and the advance payments will not be so prohibitive.

The tax position between the two is also different. With HP the hirer is deemed to own the goods for tax purposes, and thus is entitled to allowances and any investment grants, while when leasing it is the lessor who is entitled to claim allowances. In theory, however, the lessor will adjust the repayments for any allowances it received. When it comes to repayments, allowances are made on the interest aspect of HP, but all leasing payments are allowable to be set against profits.

One of the claimed advantages of leasing is that it facilitates cash flow projections, as the monthly rental costs are known. Moreover, HP as well as leasing is virtually tailor-made for each individual requirement so there is a great deal of flexibility in the system.

As with most buying it pays to shop around, and it may be worth contacting the supplier of the goods to see if he has any credit lines available. If not, finance houses can be approached with hire purchase in mind, while any uncertainty on who to approach for leasing can easily be settled by contacting the Equipment Leasing Association in London, who will put you in touch with a suitable lessor.

Terry Garrett

The merchant banks

IT IS NEVER easy to talk about merchant banks in general terms or be precise about the exact niche of individual banks in the market. Unlike clearing banks they are strikingly individual in "mix" of business and in approach. The one thing certain, however, is that none of them is in the free advice business and, with the exception of a few with large orthodox domestic banking sides they tend to take over where the clearing banks might legitimately be said to leave off. As far as the smaller company is concerned if straight cash is the requirement then a clearing bank is still the best and cheapest place to go to find it.

The clearers have made special efforts to help the smaller company. Barclays, for example, has its Business Advisory Service which now means that special advisers may be brought in in certain circumstances where the clearing bank manager can no longer diagnose or remedy. However, while this is free it is only all right as far as it goes since the bank may not be able to provide the services it recommends—equity capital would be a prime example. And this is where the merchant banks and the ICFC come into their own. For that very reason National Westminster Bank has formed its own merchant arm. County Bank, which is basically fed customers by its parent though it also advertises for business fairly vigorously on its own behalf.

Go-ahead

County Bank has been created to earn some of the juicy returns that can be had in venture capital when the market is right. It is precisely like the other more established merchant banks in its attitude in that it is not seeking to back the non-growth company. It is looking to provide equity capital at an early stage for the bright, go-ahead company clearly destined for greater things. Anyone with a pre-tax profit record of £25,000 per annum or slightly rising over a period of years—in other words, sound but hardly dynamic—is not likely to receive attention.

County is looking for the company with a fairly rapid build up, making profits perhaps of the same £25,000 mark but which can be quickly and easily geared up to a far higher profits level—a company that can be transformed into a candidate for going public at some stage. And it is looking to participate—not too heavily, perhaps 10 per cent. of the equity since more than that can denude the entrepreneur running the company of incentive. It is looking to provide finance for a growth situation, as opposed to the clearing bank speciality of term finance where profits growth does not come into the pattern, only the soundness of the proposition.

Most merchant banks would *not argue against* County's basic objectives, though some would claim to go a little further in being able to provide the whole service. Hill Samuel, for example, has a large commercial and domestic banking division which is simply in the money lending business. It has a venture capital arm called Hill Samuel Development Finance which goes in for the equity stake plus cash advance operation but also uses the straight money lending facilities of the bank where the circumstances demand it. It can also call on the other divisions specialising in such forms of finance as factoring and leasing. Its policy is to always "provide the cheapest money possible," since to do otherwise "just does not pay anyone."

Hill Samuel Development Finance currently has around 10 clients in which it has invested something of the order of £2m. in the form of equity participation. This figure, however, is not representative of the bank as a whole and the total commitment is likely to be far higher than that.

Undoubtedly the merchant banks are not nearly so active in the venture capital fields as they were. The real boom came in 1969 and 1970 but subsequent market conditions have meant that there has been a certain amount of indigestion. Companies have not reached maturity for flotation as quickly as planned and the banks have had their money tied up; in some cases the banks have been short of cash themselves. Thus *there has been a certain amount* of winding down in this area, though the larger banks in this field are now just beginning to advertise again. Charterhouse, which has around 50 "investments" in the U.K. at the moment, would come into this category.

But the really dominant force in the market remains the ICFC, which is backed by the Bank of England and the clearing banks, and currently has 2,850 holdings. The ICFC contains all the ingredients of a merchant bank—that is, it has a leasing and plant purchase subsidiary, it has a ship mortgage finance company, a property company and it manages Estates Duties Investment Trust.

Its aim in life is to provide finance for "small and medium sized business in amounts ranging from £5,000 to £500,000 or more." It states that "The financial scheme is tailored to the requirements of the situation and may include secured or unsecured loans, preference, preferred ordinary, or ordinary shares, property and equipment leasing and plant purchase." The greatest advantage that the ICFC has over the other merchant banks is that, historically, it has never experienced a shortage of money. And that happy state is made even happier following the 1973 merger of the ICFC and FCI under a new parent company, Finance for Industry.

There is, of course, a fundamental difference in approach between the ICFC and the ordinary merchant bank, in that profit maximisation is not the criterion. While a merchant bank would hope to invest in a business, perhaps instal a man on the Board, and push the company as far and as quickly as possible until sale—hopefully all within around five years—the ICFC is a long-term holder, possibly even a permanent holder. It also keeps well away from interfering in management; having identified the need and provided the cash, it will then keep out of the way unless asked to come in and provide further advice. The other merchant banks naturally find the opposition tough, but it would be wrong to suggest that the ICFC is in anyway subsidised or that the return on capital requirement is anything less than commercial; just as the merchants are free to do, the ICFC has to raise money on the stock market.

Awkward

Clearly, the provision of finance for the smaller company, from the merchant banks' point of view, is becoming more awkward. It is certainly true to say that the point at which a private company can comfortably come to the stock market has been pushed further back. Whereas the accepted level a few years ago would have been around the £200,000 pre-tax profit mark, this figure is now likely to be far higher. Some estimates of flotation level are now put at between £1m. and £1½m. on the basis that the smaller supporters of new issues of the past are still nursing losses, while the institutions are not interested in an investment of anything less than £100,000 and that in order for this to be suitable the stake has to be small in relation to total equity and that it must be a marketable holding. That points to a considerably larger company than one earning only £200,000.

If industry is indeed suffering as much as we are led to believe—and smaller companies are at a disadvantage at the best of times in terms of competitive prices and the taking of credit by the big battalions—then opportunities for suitable growth situations will become scarcer. Similarly, the leasing companies are being very careful to pick only the "right companies" when arranging these facilities and that, almost by definition, precludes the smaller company. For the merchant banker, corporate finance has not been the happiest of areas for some time now.

Keith Lewis

Starting from scratch

AT SOME STAGE in their working lives, most employed people feel frustrated about the real or imagined incompetence of their bosses and wish they had the chance to do something of their own. For the majority this remains a passing thought on the train going home from another dispiriting day at the office. But there are those who do make the break and start up their own businesses from scratch—and even a few who make a success of it.

As someone who has had a couple of stabs at self-employment (one successfully, the other less so), I am not going to go into the particular sources of finance or into details about the mechanics, but will rather make some general observations about how to go about starting up from scratch—some based on bitter experience.

The first point for anyone aiming to start from scratch is that he should consider whether he is going to be happy in his own business. To some extent most people have a desire for security but the degree varies. People who want their future to be mapped out and, to coast home to a pensioned retirement are unlikely to be happy out on their own, however good their ideas are and however hard they work. Having said that, however, the best time to start up is before taking on the responsibilities of marriage and children—you might not mind insecurity yourself but the wife might have other ideas. The other point about character self-assessment is to decide whether you are happy working in a small organisation. If you are used to pressing buttons for instant minions to come running, doing a lot of personal donkeywork can come as a severe jolt.

You also need to assess the character of your partners (if any) in the venture. The easiest way of ensuring disaster is by falling out with associates: working closely with other people in a small-business environment is very different from being fellow-employees in a large company. Having got over the temperament hurdle, it is also necessary to examine whether there is a good balance of talents. Most small organisations need a salesman, an administrator and a backroom boy.

These qualities are seldom found rolled into one person, but they ought to be present in the company. For example, two academics in the driving seat are unlikely to make much headway, unless one is more of a businessman than an academic and the other lets him have his way.

Having decided on the business partner, or partners, there is next the question of what type of business and the underlying idea. Those generally go hand-in-hand: the idea may be technological or it may be some type of service. The latter tends to be easier where starting up from scratch is concerned, for providing a service generally requires less capital. The ideal is a business which generates a high cash flow from the beginning, but this is easier said than done.

Dependent

There is also the point that while service companies might provide everyone involved with comfortable incomes at the time, they are sometimes not worth a great deal when the time comes to sell—the reason being that they are too dependent on the talents of the existing directors. This needs to be thought about, for the main reason for going it alone is to create an asset as well as making a good income. Otherwise it may be just as well to stay in employment.

It is also worth remembering that the best ideas for start-up situations tend to come from the previous experience of the entrepreneurs—not from thin air. It is dangerous to depart from existing areas of expertise. A lot of people also forget that although an idea may be good, it may be impossible to put into practice—for reasons of cost, competition, or simply that it may take far too long to catch on. Creating a demand is much easier for a large company to accomplish. Timing is also a crucial factor, for a mediocre idea stands far more chance in boom conditions than a good idea in the middle of a recession.

Before achieving lift-off it is worth discussing it with as many people as possible—especially those who are already in the same business. The latter are usually quite helpful. The bank manager or other sources of finance are also usually strong on advice. Bank managers especially develop a nose for projects which are likely to go wrong.

Before tackling the thorny subject of finance, it is also imperative for people starting up a business to get everything arranged on a legal basis—particularly if a number of directors are involved. Before any positive moves are made, the would-be entrepreneur should spare no expense on having all contracts and agreements thoroughly examined. He should also consider whether it is more worthwhile buying an existing business than starting up with a new office, new equipment and (hopefully) new clients.

An existing business may not seem to be worth much, but existing goodwill is extremely valuable when it comes to ensuring supplies and any kind of turnover is at least a start. Established companies have an inherent dislike of dealing with new companies or allowing them any credit. But, if one does buy even the "shell" of an existing business, here again one needs to pay for the best legal and accounting advice and take nothing on trust.

The essential point about finance is that it is far more difficult to borrow money for a start-up situation than for an established business. Merchant banks particularly tend to be uninterested in what they call "green field" projects and are mainly eager to loan money to make existing businesses more successful. The other point is that no one will lend money for a start-up situation unless the borrower is prepared to put himself at risk. This usually means a second or third mortgage and a lot of personal guarantees.

Port of call

You can usually forget about limited liability where borrowing money is concerned. The first port of call should be the clearing bank, for at least the bank manager knows his client's financial track record and banks' terms tend to be far less onerous than other sources. Here again legal and financial advice is important to avoid ending up in a "heads we win, tails you lose" situation.

On the subject of money another important point is that the directors should pay themselves salaries they can live on right from the start. It is a bad principle to run any kind of business on a unrealistic cost basis. And if the business is a success, the problem might well be how to make best use of the cash flow rather than where to borrow more money. This is a crucial stage in development, for whereas one might be successful with one idea, the second good idea is usually more difficult to come by. But when this stage is reached the business is inevitably no longer a start-up situation.

Christopher Hill

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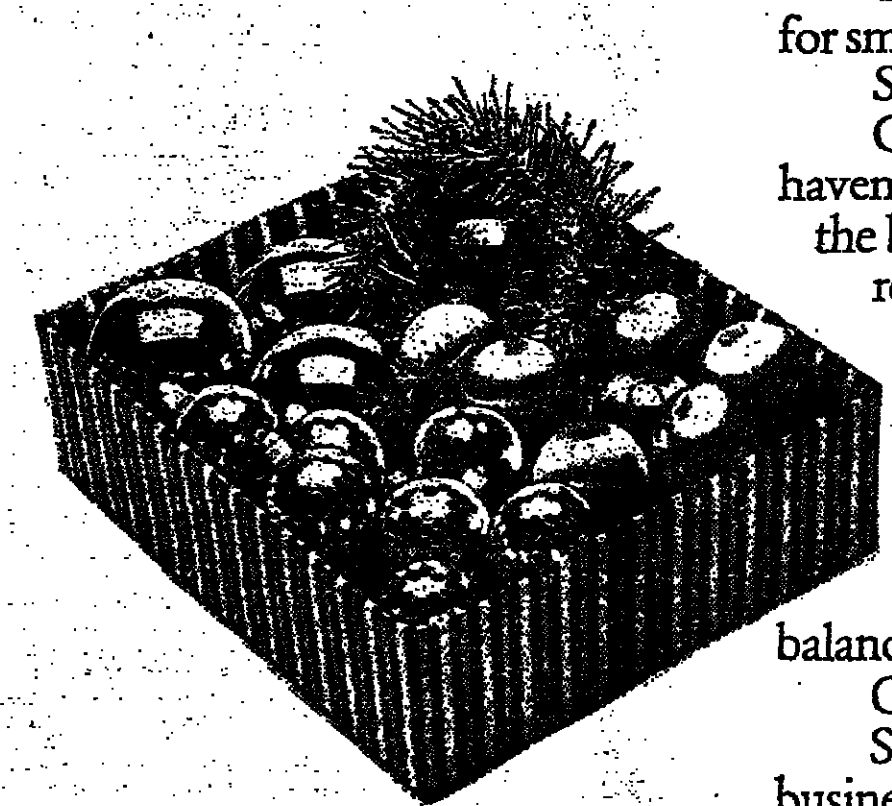

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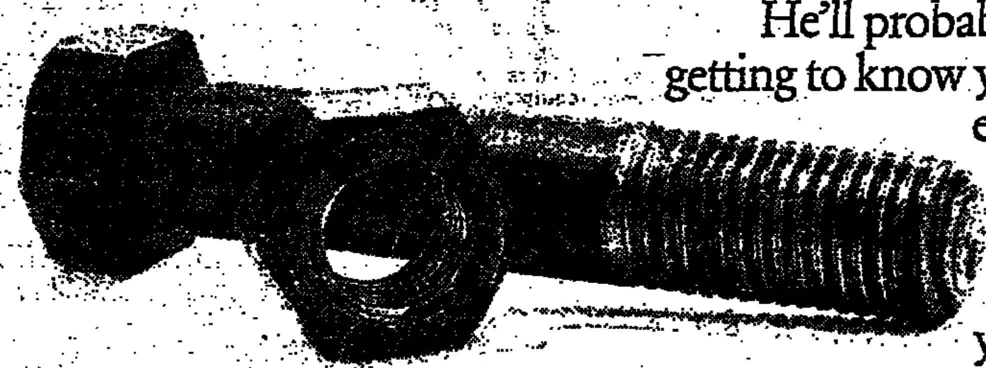

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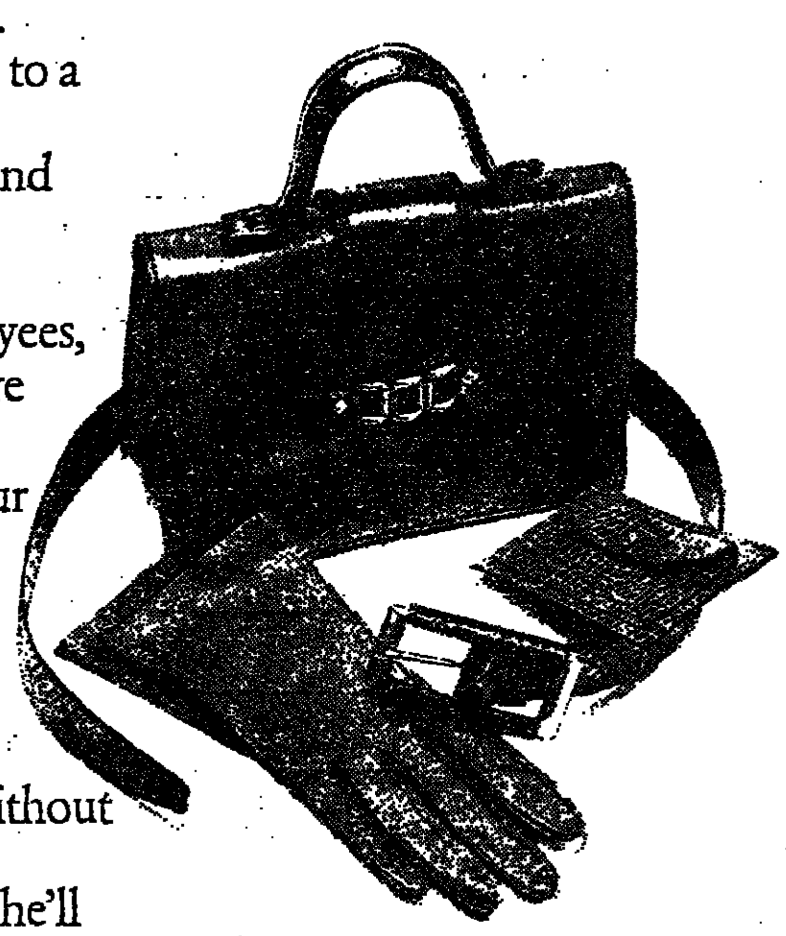

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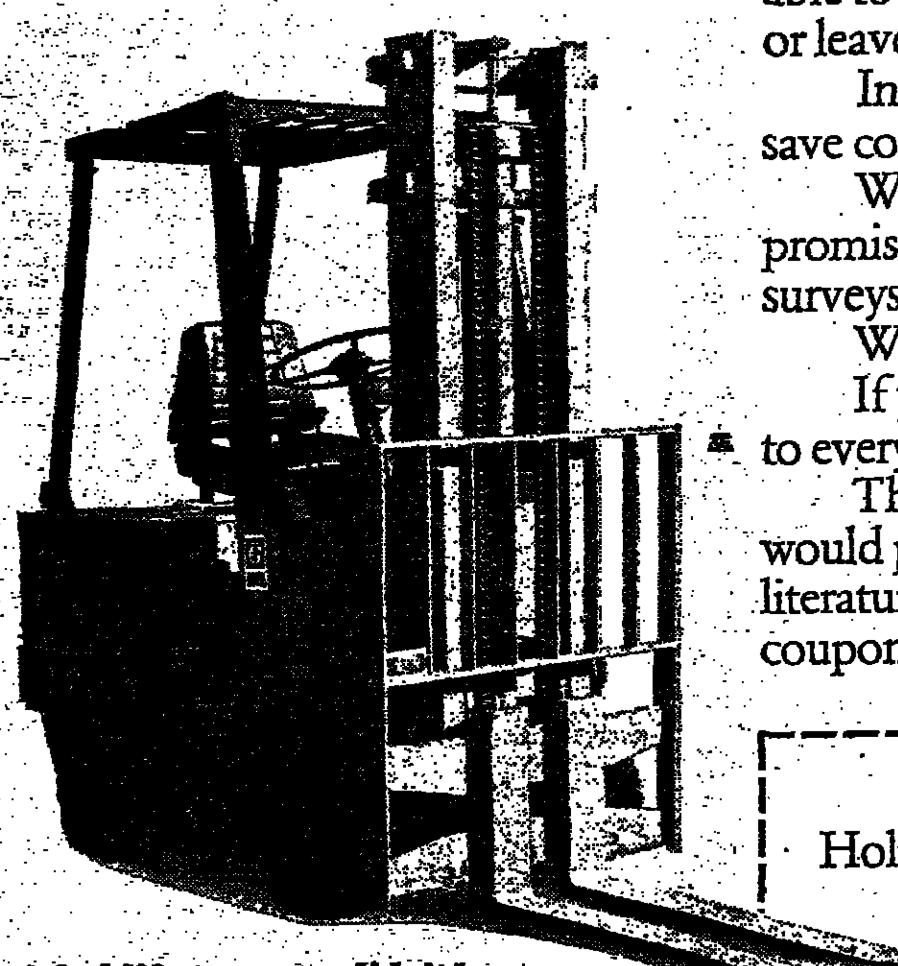

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Taking on the risks

THERE ARE few bankers left who like the description "venture capital." It smacks too much of high risk, high technology and occasional very high rewards. The European experience has had the high risks, but little high technology and less high rewards. In Britain, venture capital has proved an altogether more mundane, as well as scarcer commodity than in the U.S. where the phrase was born. And even there, the bright stars from the period of massive government spending in technology and the mini-computer revolution are pretty dim to-day.

In retrospect, it is easy to say that the technological bent of some non-specialist venture capital companies in Britain was silly, that granted the vast gap in market size between the British and U.S. in electronics, they were doomed to pick a Miles Roman rather than a Digital Equipment. But those who lost so much money when venture capital was still an acceptable term provided many lessons for the hard core of specialists who have remained in the field. These few are proving that equity investment in unquoted companies can still be a viable banking proposition.

Within the specialists there is a natural division between those who are, at the start of each investment, looking to get out of it within five to eight years and those who, while not against selling to bigger companies or a flotation are quite happy to hold an investment more or less indefinitely and live off a mixture of the banking return from loan stock and the dividend return from the equity stake. In the first category come most of the merchant bank and clearing bank offshoots, while the Industrial and Commercial Finance Corporation, despite its many flotations and sell-ons, is quite happy to adopt the second role with the right client, as is a specialist merchant bank like Gresham Trust.

From the customer's point of view, it is possible that the last year has seen a swing from the need for the first type of financing to the second. There has always been a nervousness about allowing a bank to take a stake and therefore have a say in management, the suspicion being that the bank could sometimes force a sale at a bad time for the company's owners. Three additional factors have now made those investors not so obviously looking for an "out" more attractive. The first two concern the state of the stock market, a quote on which was probably the ultimate ambition of most customer companies until recently, even if few of them achieved it. The sheer volatility of the market now makes most people think twice about converting their paper to money in the old-fashioned way. A share price depressed for no very good reason can even damage old trading relationships because customers feel there must be something going wrong.

There is also the question of the publicity involved in going public, which may be unwelcome both from the personal standpoint of keeping quiet about wealth in a socialist era or from the company angle in keeping profit and margin information further from interventionist governments.

The third point is a tax one. Flotation or the sale of a company is a once-for-all cash in with a heavy tax levy and the possibility of having to pay annual instalments on what is left through wealth tax. The sort of relationship where the specialist banker is prepared to start with a low proportion of equity and put an extra 1 per cent. each year to fund the owners' wealth tax is an intriguing possibility.

Whatever the forms of financing in the various mixtures of equity, convertible loans and short-term overdrafts, there would seem a strong case for saying that a better quality of company is now prepared to look to a bank taking equity in its unquoted stock. Most companies do not look for this type of backing until they have exhausted all their normal sources of supply but in periods of high inflation small companies find the same problems which have driven the giants to the market for Rights issues. The specialist prepared to invest risk capital and so provide the company's clearing bank with a broader equity base to lend against is one equivalent to a Rights issue open to the unquoted company in solving this problem.

Prepared

The other problem, however, is to find a price at which any self-respecting entrepreneur is prepared to sell his company's equity, even if the specialist bank is subscribing to new capital rather than buying out part of the owner's holding. There are few enough market guidelines to corporate worth at present, but it is clear that, to use a p/e guideline, the 15 to 20 areas seen with many new issues in the past is unlikely now.

For the bank which used to try to buy into growing companies on a multiple around eight to get out at a p/e of 12 to 15 or more, the problem now is that with a likely maximum exit ration around eight, it can only offer a buying-in price based around three or four if it is to preserve its margin in a very risky area of business. This is not the sort of price which will appeal to many sound companies.

Those to whom small and medium companies can look to for sensible answers to this question come down to a very few at anything other than the wilder moments of a boom. A useful guide is provided by Richard Strong of Charterhouse in an Accountants Digest on Raising Finance for the Smaller Company published last year. He gave, in the order of their estimated minority investment in small companies, a list of ten. At the head, of course was ICFC, for whom this is principle method in which it is still attempting to bridge the Macmillan Gap. It is also through Technical Development Capital, the only regular investor in the sort of technological start-up operation which characterised the most successful U.S. venture capitalists. In addition, ICFC manages the second name on Strong's list, the Estates Duties Investment Trust.

Specialists

Then come Hambros Bank, Charterhouse Development, and Gresham Trust, three long established specialists. Next are two newer operations, the National Westminster subsidiary County Bank, which could rapidly increase its unquoted investments over the next few years, and the Small Business Capital Fund, backed by the Co-operative Insurance Society, where John Bolton of report fame is putting theory into practice.

Strong's last three names are Midland Montagu Industrial Finance, one of the first clearing subsidiaries to take this type of investment seriously and show it by appointing industrialists to run the company; Old Broad Street Securities, liable to cut back its activities because of its parent UDT troubles and Noble Grossart, included because of its special position in Scotland.

To these it may soon be possible to add some investment trusts, who until now have tended to put only a tiny fraction of their capital into unquoted stocks; and, once their immediate problems are past, more insurance companies, some of who already feel an increasing social obligation to support small and medium businesses.

Quentin Guirdham

Credit management a crucial area

THE MANAGEMENT of credit, both from suppliers and for customers, is one of the most crucial areas of financial management for small companies. The extreme pressures which have built up in all sections of business have underlined the importance of control, yet experts in the field seem agreed that there is a surprising amount of ignorance on the subject.

Maintaining scrutiny of credit has always been a complicated book-keeping exercise. The arrival of VAT made life rather more difficult: a more recent phenomenon has been the proliferation of consumer credit legislation. Even for the smallest of concerns, there are three positive steps which should be taken to ensure that the worst pitfalls of credit arrangements are avoided. First, the services of at least a part-time, accountant should be sought. Second, all companies should use the existing advice network that the Department of Industry and its small firms section provide through the DoI's regional offices. An additional point here is that there is close liaison between those offices and the regional network of the Institute of Credit Management which feeds in its own specialised knowledge if approached.

Last, a company should develop a sound relationship with its bank: this is sometimes seen as an alternative to having an able accountant available, but really the bank manager and the accountant should each complement the role of the other to the customer's benefit.

Pressure

These days, the small company is much more likely to be under pressure to give, rather than benefit from, credit, but the second point should be considered. Generally speaking, the old-established relationship between supplier and small company meant that 15 to 20 days were allowed before payment. Although many traders still enjoy this facility, a worrying feature for some businesses in a weak bargaining position has been the emergence of nil credit terms. There is one area where this has become virtually standard practice: petrol retailing. The Institute of Credit Management, observing the economic difficulties of the last few months, reports "general surprise that more firms haven't bitten the dust." In that atmosphere, the c.o.d. trader deserves more sympathy than most.

The granting of credit, not to put too fine a point on it, is a hazardous undertaking. From the small company's angle, there are those customers whose plea for credit cannot be refused, and those whose plea can. The first category embraces other, and often larger, corporate customers and it is here that the more modest business enterprise is likely to face some frightening problems.

Small companies, because of their relative unimportance individually, are vulnerable to tough, or perhaps even non-existent credit terms at the hands of suppliers. On the other hand, the big company, when buying from the small, can insist that its own payment be delayed for a long time. There is one further, irritating factor: as noted later, pressing slow payers to come up with cash is a delicate business—but less difficult for the larger company, which probably feels that it has less to lose in confidence terms and is also willing to use and pay for the legal process.

Many small companies have experienced the reality of seeing bigger ones going-slow on payment. Again, a particular sector of business seems to be suffering rather more than most. In the electrical industry one of the largest and best-known companies is reported to have warned its own suppliers that it does not intend paying bills in anything under three months from the date of presentation.

The one area where the small company does have some discretion, of course, is that of granting credit to its own private customers. But that course needs to be navigated with extreme care. The most important question seems simple enough: can the company afford it? There is little point offering generous credit terms if the aim is not to generate more turnover. The central issue is whether the time allowed for payment (usually ten days to a month) will be enough to cover the cost of the money supporting the credit operation. True, interest rates have come down significantly compared with, say, a year ago, but credit management specialists think the rates are still high enough to make week-by-week benefits doubtful unless trade is really boosted a sizeable amount by credit offering.

If credit arrangements are attempted, it is best to try out as many permutations as possible to see which one keeps cash flow sensible and profit-earning. Key to the whole concept is the control of debtors. Many customers who come into the category will be known personally to the small businessman: it is a fine judgement often whether getting tough with dilatory payers will scare away not only their business, but also that of others put off by the inevitable attendant gossip.

It is that sort of problem that persuades large companies, showing for a few moments traces of altruism, to advise their smaller counterparts against credit. This is particularly so in the grocery trade, where gross margins are being squeezed progressively by the majors. For those considering credit, it is not only the likely interest charges on a supporting overdraft that has to be taken into account, but also the actual administrative costs of keeping credit records. If the plunge is going to be taken, the operation should be handled properly, with references being demanded; even an on-the-spot inspection of the potential debtor's situation (to see if he is a householder, for instance) is advisable.

For not-so-small companies, using a factoring organisation can be useful. Factors do not generally devise credit schemes, but can advise on general matters of credit worthiness and their methods of regular money collection will obviously lessen the bad debt prospects. On charges, factors usually require $1\frac{1}{2}$ or 2 per cent. of the bills collected depending on the volume of business: but the Institute of Credit Management points out factors usually deal with companies having turnover of £100,000 and upwards.

Particularly difficult payers can be tackled using debt collection agencies, although these companies have been through their own nightmare period recently. For the agencies, the main problem has been the way the civil courts have proved inadequate to the volume of cases, and so debt collection effectiveness has been reduced. The practice of buying debts outright is not pursued now by the leading agencies, though it should be borne in mind that debt collectors usually pitch their charges high.

In recent years there has been one development that has had a beneficial impact on the question of credit operations. Credit cards have removed some of the qualms of shop keepers, with the bank (and, naturally the customer) taking over publicly the guarantee of payment, although of course the trader has to accept the charge levied by the banking group running the scheme.

On occasion, there are benefits to be gained on all sides by positive declarations that the lack of credit is being encouraged. Sometimes, big suppliers offer small discounts for promptly paid bills ($2\frac{1}{2}$ per cent. would seem to be the maximum), although the practice is hardly widespread and probably even diminishing. One bill paid by small companies which can sometimes be reduced is that for local authority rates: a discount is usually offered if payment is made within a specified time.

Nicholas Owen

Presenting your case

UNLIKE THE larger public companies the smaller private concern has relatively few sources of finance open to it. By and large it is dependent on its bankers and the likes of the specialist organisations such as the Industrial and Commercial Finance Corporation.

These sources, however, are basically in the dark as to the financial merits of a smaller company when confronted by a first loan application. The disclosure regulations are obviously far less rigid for small companies than for public concerns. As such, it is imperative for the smaller company to present its case properly when seeking a loan. Not only will this show the lender that the company is well run; it will considerably reduce the time needed to assess the actual financial needs and trading prospects of the company.

It is surprising the number of companies that have loan applications turned down because they have not presented their case properly. Some of these companies may well have had sufficient trading prospects, or a money-spinning idea, or the right grounds for expansion but failed by not getting the point across during the assessment of the loan application. The banks and the specialist organisations are geared to analyse a number of applications at branch level and fairly quick decisions sometimes have to be taken as to whether it is necessary to continue the assessment procedure.

Personalities are bound to be important, particularly in the marginal case. A sales-orientated outfit could, for example, show sufficient confidence in a project just to tip the scales. Anyway if the company is in any doubt as to whether it has a good case or how to present that case it would do it no harm to seek financial advice from its accountants, solicitors or the like, before making the applications. It is generally felt by the lenders that those companies that have taken some prior financial advice invariably present their case in an acceptable manner.

The total disclosure required tends to differ slightly from one financial source to another but they all try to emphasise the necessity for the right presentation. Some of the banks have even published booklets explaining the format when seeking a loan, while the ICFC has written a paper in its review of 1974 listing its requirements and procedures.

A bank manager will have some idea as to the day-to-day running of the company from the current account. In most healthy businesses the account should show some seasonal fluctuation. If there is little fluctuation it could well be that the company has over-borrowed. In that case the bank manager would want to know the circumstances. It could be that the companies work cycle is long and contracts take time to be worked through to profits or that funds have been used for new plant or buildings that have not yet given their true return on capital employed. The company would be required to give all this type of background information.

Imperative

Furthermore, it is imperative that the company gets its financial needs right. There is no logic in financing a long-term project on a short-to-medium basis as this will create a liquidity crisis much the same as a number of the larger concerns are encountering at the moment. So the right sort of gearing is important.

The bank, therefore, will need to know just what the finance is needed for and just what sort of return can be expected from the capital employed. The company may be asked to produce cash budgets, normally on a yearly basis. This should clearly show the estimates for income and expenditure, taking in any delayed payments such as tax or delayed receipts. From that, the bank can reasonably determine what funds are needed and for what period the repayments should be made.

As to just how much the bank would be prepared to advance, assuming the reasons for the loan are reasonable, would depend on the level of equity held by the management. Generally speaking, a bank would not lend more than the stake the management already has in the company.

On the trading front the bank manager would want to know the track record: just what profits have been made over the past five years and what the level of retentions have been. All this gives some idea as to the management's capabilities since the bank is not in the risk capital field.

The ICFC paper spells out a number of requirements basically on the same lines as those of a clearing bank. Among the most important of the seven points listed, from ICFC's point of view, is the need for audited accounts for at least five years or for the life of the company if less together with projections about future trading.

Great stress is also put on the management's capabilities and age. The big worry—and this is not confined to the private sector—is that the company does not expand beyond the control of the management. It is not surprising that experience and qualifications count for much.

The ICFC set-up is such that the people there would prefer to have the first meeting at the company's premises, which can also be attended by both the management and the financial advisers. The extent of the investigations would depend on the complexity of the scheme, the sums involved and the degree of risk as well as the amount of ground work and preparation that the company has put in before applying for the loan. The branch manager would need to make a fairly quick judgment, usually in about two to four weeks, as to whether the Corporation should enter into long-term arrangements.

All these procedures apply mainly to first-time applications. Thereafter the Corporation would keep in closer touch thereby reducing the importance of presentations for any subsequent loans. Further funds, however, would not normally be available within a year of the previous loan.

It would seem that overall first impressions count for a lot. In both the two main areas for finance for the smaller companies, the clearing banks and the ICFC, time is of the utmost importance. The more a company can reduce this burden and at the same time get across the image that its management is on the ball the more likely will be the lenders to pursue the loan application. Too much importance cannot therefore be attributed to the pre-application groundwork.

David Wright

Medium and longer term money

DESPITE the development over many years of a range of financial facilities available for the smaller companies, the simple clearing bank overdraft still remains the most widely used. But without wishing to decry the merits of the overdraft, there are many instances when it is not the most suitable type of financing and when the smaller *company should be looking* either to the clearing bank or to other organisations to provide an alternative.

Getting the small firm to look elsewhere than its clearing bank may not be so easy, however. As the Bolton Committee looking at *the situation and reporting in* 1971 put it, when the small company has been refused cash by a clearing bank, it is probable that it will not attempt to seek an alternative source.

But refusal of an overdraft will generally only result because the bank thinks the prospective customer is basically not credit worthy or because money on overdraft is not suitable to his needs. Normally, the overdraft provides a useful and fairly frequent point of contact between the smaller firm and its bank

Overdrafts

The clearing banks, recognising that overdrafts are the answer only to short-term finance and also recognising the increasing competition from other lenders in the medium-term finance field, have developed not only their lending of more medium-term lending, but also the range of advice they can give on what the small firm customer may *best need. Special departments* have been set up by clearing banks, such as Barclays Bank's Business Advisory Service and the Midland Bank's Finance Management Service and all the clearing banks will reckon to-day to be able to offer a range of finance facilities throughout their branch networks.

While the clearing banks may be the biggest single force in short-term finance, with relatively little competition, there are many providers of medium-term money. The clearing banks will lend for around five years and, in some instances up to ten, although the latter moves into the realms of long-term finance. But security in this *instance will be much greater.* A charge on plant or buildings may well be required and some basic projections by the company of its future business may also be desirable. Such a security requirement results because the bank is committing *money for a period,* whereas with overdrafts the cash is *repayable on demand.*

A *smaller firm may wonder* why it should bother with medium or long-term money if its bank is ready to extend overdraft facilities. There are many situations where overdrafts are not totally suitable, however—excessive use of the overdraft system could leave the small firm unable to finance its business if trade turned sharply upwards or if, as has been seen over the past couple of years or so, inflation increases rapidly.

A small manufacturer, for instance, could well do better to finance his plant with a medium-term loan from his bank, or from a finance house such as United Dominions Trust or Mercantile Trust. The money may be slightly more expensive, but if trade turns up he will have to finance his increased raw material requirements and finished products and debtors and that may not be so easy to do if he has a lot of his overdraft facility tied up in the new plant providing him with new-found prosperity. Thus, a separate loan facility ensures for the small firm the money for new plant where an overdraft cannot.

Then, in deciding *on medium-term* money with, say, a finance house, the firm has alternatives such as hire purchase or leasing. If the firm is earning a reasonable level of profits at the point of buying new machinery then hire purchase would probably be the answer because tax offsets can be applied. But if the plant is being installed in anticipation of building up to a good level of profits leasing may be more advantageous since this allows the small manufacturer to pass on tax offsets for the lessor while the firm pays a leasing fee out of cash flow generated by the machinery. It must be taken into account, of course, that leased machinery *will not become the property* of the lessee, but that may be an advantage in industries where advances in machinery and technology are rapid and replacement frequent.

Winter

A number of refinements are offered by finance houses with medium-term money in order to meet the circumstances of any particular firm. Farmers or plant hire operators, for example, have periods in the year when *money will not be coming in so fast*—that is, the farmer when his crops are growing and the plant operator in the winter when the ground conditions make operations impossible — and arrangements can be made for repayments of the loan to coincide with those periods when the firm is revenue earning.

In addition to the clearing banks and finance houses, there are more specialist money sources such as the Charterhouse Group. In these instances, however, the availability of funds is less, in that those companies are more selective about providing facilities and will want equity participation and a seat on the Board, in addition to a direct role in management.

The clearing banks also have specialist lending facilities such as Midland Montagu Finance, which is owned by Midland Bank and merchant bank Samuel Montague (which is itself part of the Midland). This provides what is described as development finance and that, simply, means risk money. If, for example, plant costing £100,000 is required and the clearing bank or a finance house is prepared to advance £80,000, then a £20,000 deposit is required. The deposit is the type of money Midland Montague will provide, but in return it will want some form of security and a seat on the Board and a *say in management*

Merchant banks have for long played an important role in providing medium-term money for the smaller business. In essence, the merchant bank has been predominantly a procurer of money rather than the *principal provider, although* some of the big merchant banks, such as Hill Samuel, have in more recent years developed lending on their own account through London and regional offices.

Another specialist provider of finance for smaller companies is of course Industrial and Commercial Finance Corporation. It is the *pioneer of long-term finance for small concerns,* a type of money which is even now only readily available to the bigger companies with Stock Market quotations.

ICFC has three basic areas of *lending* — secured mortgage loans; equity financing; and the tailored type of lending such as leasing. It provides money for between seven and 20 years in amounts ranging from £5,000 to £1m (although the occasional loan above £1m. has been *made). But while ICFC frequently takes a minority equity* stake in customers, it does not make a habit of putting somebody on the customer's Board—which is perhaps hardly surprising since it has just under 3,000 customers. The bulk of ICFC's lending is for between ten and 15 years and customers often want only a one-off loan for something like a factory. Money lent is fixed-interest.

Nicholas Leslie

Advice available

IT HAS become clear over the years that the traditional help and guidance afforded the smaller company by the *local* bank manager or accountant sometimes fall short of the deeper and long-term needs of the business. The bank manager is probably not in the best position to judge whether his client is using money advanced in the best possible advantage. The most he can do is see that any cash which has been loaned by the bank is not going to be entirely wasted.

The same can also be said of the local accounting firm whose only real contact with the company usually comes when it audits the accounts once a year. No really useful opinions on whether the company should invest in new plant or increase overseas sales can possibly be formed on the basis of this sort of relationship.

Many small businesses must therefore have welcomed the formation of the Barclays Bank Business Advisory Service. Any businessman requiring this service can make his local Barclays branch manager his first point of contact. Although Barclays supply this service free to their existing clients, they do charge a fee to people who are using other banking facilities.

One of the first principles which the service passes on to its clients is the full utilisation of internal accounts. All businesses keep financial accounts if *only to satisfy the requirement* of the Inland Revenue, but the interest which the small man has in the actual figures is often very limited. It is Barclays' belief that very few small businessmen can actually understand their accounts, and it was for this very reason that the service published its booklet called "Understanding your Annual Accounts." In very plain, easy-to-understand terms this booklet attempts to explain the construction of annual accounts and the significance of the figures contained in them.

The service is staffed by specially trained full-time advisors, many of them former branch managers, who will visit companies and stay with them for as long as it takes to examine fully the firm's financial situation. The bank stresses *that none of the clients of the* service are under any obligation to borrow money through Barclays, nor are those who are banking with someone else expected to switch their account.

There are, of course, drawbacks to *this system.* Though the advisors employed by this service may be well qualified in financial matters and can ensure that the small businessman gets the best out of his internal accounts, it must be doubtful whether they can also offer any really worthwhile guidance on other management matters, *such as work delegation or marketing.* This requires very specialised advice, of the type which is provided by many independent management consultancies.

By far the largest organisation involved in this work is ICFC. Because of its sheer size ICFC is able to offer advice or guidance on every aspect of business management, and through its wholly owned subsidiary, ICFC-NUMAS, it has been able to extend this service to the small businessman. This subsidiary which was formed three years *ago by the merging* of NUMAS (originally the Advisory Service of the National Union of Manufacturers) and ICFC's consultancy division, was specifically created to help and advise the smaller company.

A *prospective client* can approach ICFC-NUMAS through any ICFC branch office (it currently has 19 situated in the major towns in England, Scotland and Wales), whereupon arrangements will be made for a detailed survey of the business to be carried out. Following this survey which is usually free of charge, an estimate will be made of the duration and costs of the work, together with the benefits which

Continued on next page

Insurance for export trade

THERE ARE a number of options open to the smaller company seeking finance for overseas trade. Most of them centre on the official Export Credit Guarantee Department, *which works in conjunction with* the London clearing banks. But there are other financial institutions to which the smaller company can turn. The British Export Houses Association will help; there are the specialised export credit departments of the merchant banks; there are also credit insurance and indemnity companies.

ECGD assists exporters of both goods and services in two basic ways. First it insures them against the risk of not being paid—whether through *default of the buyer or through* other causes—restrictions on the transfer of currency, for example, or the cancellation of a valid import licence. Secondly, ECGD furnishes unconditional guarantees of 100 per cent. repayment to banks, on which security exporters are provided with finance. ECGD also insures the businessman's new investment overseas, and the department's cover here takes in war and political risks.

Demand

Credit insurance was introduced by the Government in 1930; since then demand has grown rapidly. In 1949-50 exports from the U.K. totalled £1.9bn., of which 11½ per cent. was insured by the ECGD. By 1973-74 the department's share of the total U.K. export credit market had risen to 33 per cent. of exports amounting to £13.2bn.

Basically, there are three reasons for this steady growth. By progressively widening the terms of its insurance in terms of both risks covered and the percentage of loss paid, the department has made credit insurance an attractive proposition. At the same time premiums have been kept to the minimum needed to keep the department solvent. The department operates on normal insurance principles and involves no expense to the taxpayer.

The second major factor behind the growth of ECGD lies with the changing condition of the world *as an open market.* Trading patterns have changed dramatically since the thirties, with a sellers' market for goods turning into a buyers' market; at the same time terms of export payment have steadily moved from cash to credit—and often to long-term credit at that. This has meant that exporters with their overseas accounts at risk for much longer periods have been obliged to have ever-larger amounts of money outstanding.

Finally, the value of ECGD cover has led exporters to secure bank finance at attractive rates—though in recent years the private sector credit groups *have been nibbling away at* ECGD's dominant position. This fact probably accounts for the way the proportion of U.K. exports insured by the ECGD has declined from over 36 per cent. to exactly one-third in the two years to 1973-74.

Many of the institutions supplying finance for the home market are just as directly involved in the finance of export trades, and the recipients of such finance are often the smaller firms. The commercial banks, for example, have long been concerned with export finance; they arrange for advances against overseas debts as well as documentary and credit bill discounting. Equally, the discount houses finance the exports of small companies through bill discounting, though they *tend not to differentiate* between exports and domestic trade when considering applications for discount facilities.

Generally speaking, the merchant banks do not provide export credits to lesser sized companies. However, interest in this field has been growing in recent years and some banks have set up specialised departments. At the same time the merchant banks do provide overseas buyers with acceptance credits and smaller businesses may well be able to draw upon these. Finance houses *mostly* concern themselves with export credit of a medium- or long-term nature and of a complex character — in short the sort of business not easily handled by normal banking procedures. For obvious reasons not much of *this finance goes to the smaller* company sector.

The overseas banks tend to discount bills mostly without reference to size of business, though it is impossible to determine just how much of this finance finds its way into *the hands of the smaller company.* As for the British Export Houses Association its members can be broadly classified into six groupings — confirming houses, buying indent houses, merchants, manufacturers' export agents, factors and finance houses.

Confirming houses accept full responsibility as principals for payment of the U.K. exporter and they may also undertake shipment and arrange insurance. Buying indent houses tend to act as agents or subsidiaries of overseas customers while merchants, who buy and sell on their own account, trade essentially in other people's goods. Manufacturers' export agents sell as agents on behalf of the exporter who gives sole right to the agent for the sale of his products in particular markets. Finance house credit has already been touched upon while factoring is the subject of a separate article in this survey.

Credit

The role of the London clearing banks in supplying smaller companies with credit for overseas trade is most easily defined in the areas where they work in harness with the ECGD. The clearing banks have agreed with the Bank of England that they will finance 100 per cent. of the principal value of comprehensive policy transactions guaranteed by the ECGD.

The main type of export business covered by ECGD is comprehensive insurance which accounts for over 80 per cent. of the total cover provided by the department. With 90 per cent. to 95 per cent. cover on a wide range of risks, the cost to the exporter of short-term cover for a credit risk is on average 26p for every £100 insured. Last month ECGD began to offer a new form of comprehensive guarantee which has been designed to provide insurance for a volume of sales on credit terms up to six months. The policyholder normally undertakes to insure his whole export turnover for a period of not less than one year.

The principle of comprehensive insurance cannot always be applied. Contracts for the supply of, say, capital goods or construction projects are an example. Such contracts are therefore underwritten individually, specific insurance for a particular contract being arranged at the same time as the contract itself is negotiated. This cover is broadly the same as that provided by a comprehensive policy, but certain contracts are more complex and policies need to be tailor-made.

Jeffrey Brown

THE SMALLER COMPANY VIII

How facilities operate in continental Europe

THE BULK of European facilities for helping small companies look unfamiliar to English eyes.

In the U.K. the clearers provide most of the cash for small businesses. The two medium and long-term financing organisations. Finance Corporation for Industry and the Industrial and Commercial Finance Corporation, have made a relatively modest contribution. In roughly 20 years their combined investments total only £270m.

Sectoral subsidies, cash grants, and selective loans in development areas have also been introduced on a fairly intermittent basis, but most of the help which small companies receive is linked to taxation.

On the Continent, however, a central bank is normally involved, with a specific brief to help companies with restricted access to capital. Loans can be guaranteed by the government concerned and the inevitable screening process can lead to a high level of intervention.

Holland provides a good example of this. The Nederlandsche Middenstandsbank, third largest of the Dutch commercial banks, specialises in lending to small and medium-sized companies. Recent statistics show that special government-guaranteed loans to this category of trader accounted for around a fifth of the total loan portfolio.

Graded

These loans form part of a graded system of development comprising about eight steps. Starting-up loans can be granted worth a maximum of Fls.50,000, to be repaid over 20 years. Entrepreneurs are encouraged to treat the loans as near-equity. Loans for takeovers (Overnamekrediet) can be negotiated; working capital loans up to Fls. 150,000 can be raised; and mortgages backed by a State guarantee are also available.

Later, 20-year expansion money can be raised, provided the company has been in existence for three years, but the pre-tax figure must be less than a certain figure and ministerial approval is required. Cash can also be advanced for mergers—subject, of course, to ministerial approval—and there are special stand-by credit facilities for over-extended companies.

Istituto Mobiliare Italiano is Italy's largest medium and long-term credit bank, and is specially briefed to look after small and medium-sized companies. These "public law" operations, which operate in the public interest along flexible private enterprise lines, exist to channel savings towards relevant investment projects and they fund themselves out of public bond issues.

IMI can supply medium-term loans at commercial or subsidised rates; it can also allow a period of grace before repayment starts. Export credit financing is also possible, and restructuring loans can be negotiated at very low coupons indeed.

Suasion in France is important to the small man; President Giscard d'Estaing advised the banks to go easy on such during the recent credit squeeze, and the banks were allowed to lend beyond their allowed limits to this category of trader. Such preferential treatment is hardly surprising, bearing in mind the importance of small firms to the French economy. Recent statistics show that they account for about three-fifths of output and manpower.

Facilities comprise a whole battery of funding devices including special bond-issuing trade groups, mutual guarantee organisations, trade banks and special subsidies for the sole trader. Specially-appointed committees are reviewing the situation of the small man in the light of the present economic situation, and if a company is in real trouble it can appeal via its committee for intervention by the banks.

The two most thrusting organisations, however, are the Institut de Developpment Industriel (IDI) and Crédit Hôtelier Commercial et Industriel.

IDI was set up in 1970, and is empowered to take stakes in firms of any size, including small and medium-sized operations, on a temporary basis (7-10 years). It also undertakes to provide financial advice, to orient the management. It is 50:50 owned by the Government, and by the institutions. So far at least IDI is reckoned to be something of a success, unlike the earlier regional developments which worked along roughly the same lines.

Credit Hôtelier lends medium-term, say 8 to 15 years, at soft interest rates. Current coupons are around 10 per cent. and the government itself underwrites the loans. Until recently it used to provide the lending resources. Repayment schedules can be tailored to suit the company, and repayment of the capital element can be differed for up to 30 months. Credit Hôtelier aims to finance part at least of a company's investment programme.

Facilities in Germany for the small company contrast pretty sharply with the interventionist approach elsewhere in Europe. Herr Foerster's speech to the London Chamber of Commerce in 1971 expresses the overall attitude fairly succinctly—"the only means of *dirigisme* with us is incentives."

Certain areas in Germany have been designated development areas, and these receive special aid. Inducements offered include industrial credits at low interest rates, special preference on Government orders in the selected area, accelerated depreciation facilities, and investment grants. Preferential tax treatment is also available in special circumstances.

Development areas consist of the border zones between West and East Germany, the Saar coal mining district, and other regions with an inferior rate of growth.

Extreme

Bankers emphasise however, that there is no central organisation which distributes concessionary money. The extreme competitiveness of German banking reduces the need for this kind of institution, and short, medium or long-term funding is available from the large commercial banks. Companies tend to shop around for the best terms, and this mobility applies to the small as well as the large company.

So the commercial banks provide the immediate source of finance, and this means that U.K. and German systems of finance for small companies are fairly close together.

These two separate approaches really add up to different sides of the same argument—how far government should interfere and influence the workings of "free" market forces.

On the one hand, putting money into small companies can protect jobs; it can stimulate initiative; it can provide ease of entry and development for new companies.

A leading European banker summed up the contrary view by saying, à la Gertrude Stein that small companies remain small companies because they're small companies; basically, they have very little to sell. Putting money into them, especially at soft rates, perpetuates inefficiency and even ties up resources which could be redeployed better elsewhere.

Christopher Dunn

Taxation presents growing threat

THE IMPACT of taxation on a small company is of the utmost importance in considering its financing operations. For the present company tax structure and the likely wealth tax proposals are not conducive to the rapid build-up of capital. The Capital Transfer Tax conditions make it extremely difficult to pass on intact to the next generation the capital already built up.

The present system of company taxation, known as "imputation" was introduced in 1973. One of its objectives was to encourage companies to make a fuller distribution of earnings and use the market facilities for raising further capital. This it does by charging a very high rate of corporation tax on profits, but allowing the tax on dividends paid to count as an advanced payment of that tax, with dividends being paid in effect on a net basis.

Top rate

This system suits the larger companies very well, but does not help the smaller companies at all. Where it is family-owned or controlled, the payment of dividends makes very little difference to the shareholders who most likely receive very little after paying additional tax at the top rate. They would rather leave the money in the business to build up further capital and for them a company tax system that favoured retentions is to their advantage.

Such a system as operated before imputation did encourage companies to meet future capital requirements from retained earnings. The old corporation tax system charged a lower rate of tax, but companies had to pay dividends gross, paying over the tax element to the Revenue. Small companies have usually relied more on building up capital from earnings than have the larger companies lacking strong family shareholdings.

But it seems as if imputation is here to stay and that being the case small companies will only be able to build up capital internally at a slower rate. If they are forced to go outside for fresh capital, the temptation must be to do it on a debt basis despite the very high servicing charges under current conditions.

The Wealth Tax proposals likely to emerge will not help small family controlled companies to build up capital from their own resources. For it is doubtful whether they will distinguish between wealth of an individual as a private person and wealth tied up in the business. The big weakness of most tax systems of this type is that wealth is equated to money and taxed as money. Its introduction will have most impact on the small family business who will have to find the money to pay the tax even in a year when losses are made.

Capital Transfer Tax is going to have much more serious repercussions on the financial problems of small family businesses. The impact of the taxes so far disclosed is that it is going to take that much longer to build up capital from current resources. CTT will accelerate the speed at which the capital is clawed back by the State. Two transfers of the assets can destroy the careful build-up of generations.

Much has already been written about the penalties of transferring assets from one generation to the next. The final form of the tax as embodied in the 1975 Finance Act has been considerably modified from the original proposals. Nevertheless as far as small companies are concerned the pyament of the tax on transfer could cripple the business as far as cash resources are concerned.

Example

Take an example of how CTT would work in a transfer and the problems caused thereby. The chairman of a flourishing private company owns 40 per cent. of the equity and his wife a further 15 per cent. The business has net tangible assets of £2m. and after-tax profits of £144,000. The chairman wishes to give half of his shares to his son, who is the managing director of the company and has few financial resources of his own, the family wealth being tied up in the business.

If the chairman makes a straight transfer then the amount of CTT payable would be £449,963 if he meets the liability. The calculation of this amount is rather complex because the holdings of the chairman and his wife would be aggregated as related property and valued as parts of a combined 55 per cent. holding. To add insult to injury, there could be an additional Capital Gains Tax liability on top of this sum depending on the value of the business in 1965. If this was assessed at £500,000, the CGT amount would be £22,500.

The amount of tax payable is more than three times the current rate of earnings and the actual amount distributed in the form of dividends will be even less. Although payment can be spread over eight years by equal amounts without any interest being added, the family would be almost certainly forced to sell its controlling stake in order to pay the tax.

What can be done about this problem? As far as avoiding the tax is concerned the answer is very little. CTT has been designed so that it is virtually impossible to avoid payment of it whatever devices are adopted. One solution is to effect life assurance using the annual exemption limit of £1,000 to pay the premiums so that the policy money is free of CTT liability. But even this does mean a slow but steady drain on the capital of the company.

The second course is to make use of the facilities offered by the Estate Duties Investment Trust. This company specialises in purchasing minority equity holdings of private companies so that control is not completely lost when such a sale is made. This move would get the family over the hurdle of the first transfer, but it is doubtful whether it could be repeated at the second. To take the example given above, what will be the position when the chairman wishes to transfer the rest of his equity holding. Nevertheless it does offer a valuable temporary solution to the immediate problem.

The third course, which has been discussed by no less an eminent authority than the Institute of Chartered Accounts is to fragment the company into several different operations with only a very loose control at the top. Such a course is not usually recommended from a business efficiency point of view but the tax saving can be substantial.

Such a move can be very effective where overseas subsidiary operations are involved. The exact procedures are difficult to follow and anyone contemplating such a course of action should take expert tax advice on the subject. But CTT like most other taxes is a progressive one and any move that reduces the aggregate value of the capital transferred for tax purposes will reduce the tax liability.

Meanwhile individuals trying to build up their family business must feel that under current tax provisions they are pouring water into a very leaky barrel in that the end result does not repay the amount of effort put into the operation. The ultimate hope is that at the next change of Government the problems of the small companies will be considered more sympathetically.

Eric Short

Sound planning essential

FINANCIAL PLANNING in smaller companies could be summed up in Gandhi's remark when asked what he thought about Western civilisation: "It would be very nice.". That financial planning is not the strong suit of the small company is understandable. Typically, the growth of a small firm has revolved around a few personalities with either commercial or engineering expertise, and concern over the purely financial end of things has been restricted to the occasional consultation with the company's bank manager.

But if a degree of financial control is important in the day-to-day running of the business, it is essential when expansion is contemplated. In any case, with inflation running at present levels, aimless drifting from one week to the next is likely, in a short period of time, to undermine a company's finances.

The two key factors in financial planning—once an initial ground plan has been decided upon in terms of product development and marketing—are, first, the ability to quantify financial requirements and secondly the introduction of some system of monitoring performance within the company. This, of course, boils down to the difference between financial and management accounting and while not exactly unheard of in the smaller company, it is a distinction which management consultants and, increasingly, the staff of clearing bank advisory services, are keen to impress on their clients.

Financial requirements can be broken down most easily by distinguishing between fixed and working capital requirements and then looking at the relationships between the two. The basic point is that in each category there will always be periods of time when no earnings will be flowing into the business.

For the smaller company, a decision to invest in major physical expansion is fraught with uncertainties. Unlike larger companies, where such decisions are made on a more or less regular basis and where staff are permanently employed to comb through prospective projects, the limited resources of a small company may restrict major plant extensions to a once-a-generation affair.

Worthwhile

Even when the initial investment is believed to be worthwhile, and the money is available, companies have to take into account not only the lag between the start-up of a project and the date when revenue begins to accrue but also the period following, when money is leaving the company at a faster rate than it is coming in. For the small company, such requirements should be included in fixed capital requirements rather than short term borrowing and highlight the need to arrange facilities, above and beyond this requirement, before the project is started.

The second kind of lag occurs in the day-to-day running of the company, that is, the production/sales cycle. This is the period between the purchase of raw materials, for cash or on credit, the payment of wages and other expenses and the final sale, again either for cash or credit, the proceeds of which are used to pay off the original creditors. The cycle, of course, varies enormously between companies and one can compare the rapid stock turn of the food wholesaler with the assets tied up in the small fabricating company. Whereas the latter will depend on borrowings to tide over the payments gap, the former may be in a permanent position of cash surplus. Both eventualities have to be taken into account in financial planning. The heart of a company lies in the almost knife-edge relationship between fixed and working capital.

Inadequate working capital, resulting from either labour or material shortages, can lead to an under-utilisation of fixed assets which harms the ability of the company to generate sufficient cash for the replacement of working capital. An over-abundance of working capital, on the other hand, will make it difficult for the company to expand or even perhaps maintain existing fixed assets, which in turn affects its ability to hold adequate working capital.

This knife edge leads, in fact, only one way and is often classified as overtrading, although this term has a number of meanings. In general, the longer the production/sales cycle, the greater is the chance of overtrading. If extra finance has not been arranged, the company may be unable to meet its commitments. And even if this does not end in bankruptcy or liquidation, the confidence of suppliers, which is crucial to the small company, may be damaged. The resulting restriction of credit may lower production and profits and worsen the cash position still further.

One distinction that non-financial directors and managers of small companies can find hard to appreciate is the difference between profits and cash. The only occasion on which profits will equal cash is when the business is to all intents and purposes static. The assets of a static business do not depreciate or expand and the balance sheet entries for stocks, debtors and creditors remain unchanged. The fact that this situation is, to say the least, unusual, emphasises the need for accurate cash forecasts and the linking in of budgetary control with financial planning.

If a cash deficiency is anticipated over a period of time, then it can be relieved, initially by recourse to bank borrowings or the credit markets. The alternative is to look for internal remedies. This could take the form of cost reductions within the company; the investigation of working capital controls and pricing and discount policy with the aim of accelerating the inflow of cash and the consideration of hire-purchase, rental or sale lease-back arrangements. The last of these is a question of strengthening working capital at the expense of the balance sheet, which may impair the ability to borrow in the future.

Most small companies find at some stage that there is a limit to how much can be squeezed out of old plant in volume and profits. Extra shift work and heavier machine usage, for example, may have the effect of increasing unit costs and only serve to postpone the day when a substantial investment in new capacity is called for. A point constantly stressed is that a small company's expenditure decisions and chances of gaining finance are only as good as the information available from within the company. The solution of this problem is one of the main benefits of obtaining advice from the many sources available.

Terry Wilkinson

Advice

CONTINUED FROM PREVIOUS PAGE

are expected to arise from it.

Another way that a lasting relationship can be acquired with a business advisory concern is through the services of Charterhouse Group. This operates in a completely different way to the other two, in that when Charterhouse offers financial assistance to a company it is more often through the purchase of an equity holding than through a loan. Another different aspect of the Charterhouse operation is that they usually insist on the installation of a representative on the board of the client company in a non-executive position. In this way, Charterhouse is able to keep in close touch with the company and can offer advice and guidance whenever a new venture or new policy is being considered.

More and more firms are now entering the field of management consultancy but there still seems to be a certain reluctance on the part of many small businessmen to take advantage of their services. Perhaps this is because they are afraid that the advice available is not based on sound, well-qualified judgment. This could certainly not be said of any advice which came from the organisations mentioned. All three are well established and respected financial institutions and it is to be hoped that other organisations with similar facilities will follow their lead by becoming involved in an area for which there has probably never been a greater need.

Tom Kyte

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REFERENDUM

A penny-farthing ride from Europe

By DAVID WATT

IF THE anti-Marketeers turn out, against all the odds, to win the referendum campaign the result can be safely attributed to the cross-grained caution of the British temperament with its presumption, often well-founded, that when the entire Establishment is united in favour of some proposition there is bound to be something fishy about it. The possibility that this joker, lurking somewhere in the referendum pack, may yet turn up buoys up the hopes of many anti-Marketeers; but the trouble is that without at least some of the resources of the Establishment it is very hard to run a campaign.

Take the matter of speakers, for instance. Britain in Europe, the pro-Market umbrella organisation, disposes of the services of dozens of well-known and well-liked national figures ranging from Mrs. Shirley Williams and Lord Feather on the Labour side to Mr. William Whitelaw and Mr. Harold Macmillan on the Conservative. By contrast, the National Referendum Campaign, the anti-Market "umbrella," has no more than a tiny handful. When you have said Benn, Castle, Foot, Jay, Powell, Shore, Jones, Scanlon and Clive Jenkins you have just about run out of "anti" names that the man in the street has ever heard of. Furthermore, these are not by any means names which inspire universal feelings of awe and admiration.

The consequence is that anti-Market speakers of any weight are intolerably overloaded with engagements and many second, third and indeed anything up to sixth-rate figures are apt to appear on anti-Market platforms. Add to that the fact that the most controversial—and therefore most interesting—speakers, Messrs. Benn and Powell, are extremely difficult to pair with anyone else in a public appearance, and one begins to see some of the difficulties that beset the anti-Market cause.

Lack of funds

Needless to say there are others—of which the chief is lack of funds. The National Referendum Campaign has, like Britain in Europe, received the Government's donation of £125,000 towards its expenses. The difference is, that while Britain in Europe has received in addition large, though as yet unspecified, sums from industry and private individuals, the NRC has virtually no other source of finance. Some trade unions and individuals may have chipped in another £5,000 or so in all. Various organisations have given help in kind. (The Transport and General Workers Union has loaned an able Canadian official, Mr. Bob Harrison, who is, in effect, the campaign director of the NRC; its Press conferences take place in a plush Park Lane hall by courtesy of Sir Ian McTaggart and some anti-Market researchers are camping in the garrets of the "Spectator" office in Gower Street. But the whole operation is really being run on a frayed shoe-string.

The NRC's budget apparently looks something like this:

Leaflets and stickers—£62,000.
Press advertising—£50,000
Administration costs—£10,000
Grant to Scottish organisation—£5,000
Grant to Welsh organisation—£4,000
TV and radio programmes—£3,000

The grand total of £134,000 is probably already more than the campaign disposes of. Leaflets and stickers will be sold and there will therefore be some cash return in the long run but it is unlikely to come in in large quantities until after the campaign is over.

This list is revealing. Almost half the Government's donation is being spent on printing literature for distribution at local level. This is no surprise. The argument is that NRC's strength, if it exists at all, lies and must be concentrated at the grass roots. Trade unions are effective grass roots organisations and there is a network of anti-Market groups in societies in the country. Let them dish out as much printed propaganda as possible. More surprising is the decision to spend nothing at all on mounting a campaign on bill boards and hoardings where people are accustomed to seeing their political propaganda displayed. But there is an explanation, which is, it seems, that hoardings have to be booked in advance and by the time NRC knew it would have enough money from the Government to operate in this field, all the best sites had been grabbed by Britain in Europe.

A decision for which there seems to be very little rational explanation is the expenditure of so much on Press advertising and so little on preparing material to be shown, free, in the four television slots provided by the BBC and ITV. Britain in Europe's budget for television programmes, on my calculation, is at least as much as the entire Government donation and this priority must surely be right. Does the public read political advertisements in newspapers? Perhaps. But it is more likely to turn the pages without reading them than to bother to turn off the telly for ten minutes when an attractively presented political advertisement comes on.

Mr. Michael Foot, Mr. Anthony Wedgwood Benn, Mr. Peter Shore and Mrs. Barbara Castle take the platform at an anti-Market conference; few additional names are needed to complete the brief list of those in the campaign that the man in the street has heard of.

This aberration completes a picture of appalling financial stringency in which any mistakes that are made cannot be rectified by the expenditure of cash, or even by a change of mind. But it also is a sympton of a certain arthritic character in the NRC leadership. A little more imagination, a little more willingness to draw in professionals, might produce better results for the meagre resources available. But the fact is that the people running the show are, on the whole, extremely conservative and their campaign would probably be run on "muddle-through," penny-farthing lines even if they had far more money and speaking talent than they actually possess.

To some extent this is a matter of accident. The NRC is an uneasy amalgam of a number of different anti-Market groupings, the chief of them being the Keep Britain Out movement and the Common Market Safeguards Committee. Keep Britain Out, which had been ploughing a lonely furrow for years with Mr. Charles Frere-Smith, a solicitor, at the helm, had the organisation up and down the country and ought, by rights, to have taken over the enterprise. Unfortunately, the Common Market Safeguards Committee, of which Mr. Douglas Jay has been the leading light, had the political names. It also became clear that Mr. Jack Jones and other anti-Market union leaders were not prepared to enrol under Mr. Frere-Smith's banner. A compromise was therefore reached, not without some strain, putting a Conservative MP, Mr. Neil Marten, at the head of an organisation which was basically the Safeguards Committee under a new name, and allowing Mr. Frere-Smith to go on doing his own thing. In other words, no new blood to speak of was brought in as a result of the merger.

Another difficulty has been the unwillingness of the Labour anti-Market Cabinet Ministers to involve themselves closely in the organisation of the campaign. Mr Roy Jenkins and some other pro-Market Ministers have, in effect, taken over the Britain in Europe campaign, but because being anti-Market is a badge of Left-wing respectability in the Labour Party, anti-Market Ministers have hesitated to get enmeshed with wicked Tories in the NRC. Some, like Mr. Anthony Wedgwood Benn, have gone further and even refuse to sit on platforms with Conservative representatives. The result has been to leave the whole organisation in the hands of Mr. Jay and Mr. Marten (both able politicians but decidedly old-fashioned) plus some organisers drifting in from the unions and the Labour Party and a few amateur journalists and academics.

Tax NRC people with their failure to set up something a bit less rickety and you will get two different replies. One is the shrug of the shoulders: "We are doing our best against heavy odds." The other is "What do you expect? That's what politics is always like." I find this last proposition interesting for it is exactly the same kind of attitude as imbues Transport House and most Labour committee rooms at the time of a General Election. The argument is that British politics is, and ought to be, a large voluntary affair: that you win if you have enthusiasm on your side and you get enthusiasm only if the political tide is flowing your way; that most organisational and even publicity activities are of very marginal value.

Orders

It is naturally part of the NRC version that the political tide is indeed flowing in the anti-Market direction. Packed halls and attentive audiences are reported. Vast orders for car stickers and a run on pamphlets apparently justify the decision to sink so much cash in literature. The movement, it is said, is sweeping through the stubble and this being so it is both pointless and distasteful to go in for publicity gimmicks and expensive packaging on the lines of "The Selling of the President." In other words Britain in Europe's slick, expensive campaign is positively un-British.

To some extent this is a deliberate and artful appeal to the underdog vote. One assumes an endearing air of Ealing Comedy nostalgia in the hope that no one will be able to bear the thought of the penny-farthing coming in last. And yet, I think, most of those involved really do believe that everything must come right in the last reel in spite of what the opinion polls are saying. No doubt they exaggerate the efficiency of Britain in Europe (which has plenty of problems of its own to contend with) and no doubt they exaggerate their own quaintness (an organisation which has the official backing of Transport House and the TUC is neither entirely friendless nor entirely innocent). But it seems to me no accident, as the Marxists put it, that the anti-Market campaign should be run on traditional British lines—undercapitalised, amateur and well-meaning.

This is not said with a sneer, but merely as a reflection of my own conviction that the fundamental emotion at the bottom of most opposition to Britain's membership of the EEC is fear of change. Those who are running the National Referendum Campaign prefer to run it by analogies with the past—pamphlets which few people read, Press advertisements to counteract the bias of Press "barons," and a contempt for the new media. There is nothing immoral about all this, but it is probably a good way to become a "gallant loser."

Letters to the Editor

Taxes on gains

From The Deputy Chairman, The Stock Exchange.

Sir,—I had hoped that if any remarks of mine ever rated a headline on the front page of your journal, they would be concerned with the reduction of taxes on investors rather than any new form of taxation. Perhaps I might be allowed to put into context the remarks that I made to the Press briefing on introducing the evidence given to the Select Committee on Wealth Tax (reported on May 22).

The message which the Council of the Stock Exchange put forward was that a wealth tax was an additional deterrent to those who were thrifty enough to save and to channel those savings into productive industry through the stock market. These savers are already over-taxed and, in addition, they are subject to a proliferation of taxes of all kinds. We therefore urged the Select Committee to reconsider the detrimental effects of the wealth tax, and emphasised the depressing effect it would have on the stock market and the resultant difficulties of raising money for industry through this mechanism.

In the context of capital gains, I gave a personal opinion that there is a better case for taxing short term capital gains than long term gains, since the latter may largely be the result of inflation and outside the investor's control. We already suffer taxation on short term gains and I did not advocate a new short term capital gains tax, but a reduction for longer term holdings.

I hoped I also made it clear that the role of the speculator in the market place should not be underestimated and that the original introduction of capital gains tax had, in fact, resulted in sharper swings in the market, due to the fact that the dampening effect of the speculator had been largely eliminated. When asked what proportion of Stock Exchange business was speculation, I pointed out that this was impossible to quantify and that, if statistics were taken from those firms with members on the council, they would be likely to be misleading, since firms who can afford to give the time of one of their members to council work tend to have a greater proportion of institutional investment business than the average. I must emphasise that council members are elected as individuals and in no way represent the interests of their firms.

May I conclude by saying that in cases such as this there is a natural tendency to blame the Press for misrepresentation. Those of us who believe in the importance of communication with the public through the medium of the Press, however, cannot always shelter behind this resort. As someone who has acted as spokesman for The Stock Exchange on occasions during the past two years I cannot shirk the responsibility of ensuring at Press briefings that my remarks are clearly presented in context and within the correct perspective.

James Dundas Hamilton.
The Stock Exchange, E.C.2.

Makers of the market

From Mr. Colin Harding.

Sir,—A member of the Council representing the Stock Exchange before the Commons Select Committee, subsequently aired his personal views (May 20) quite wrongly surely, on capital gains tax. Moreover as he represented all member firms it was unfortunate to add that his views would probably be unpopular "particularly among smaller firms." It is to be hoped that some of those will also make their voices heard.

Any tax on short-term gains, particularly if related to income, can only lead to a stultified market (and let us remember that there is already a 30 per cent. tax on gains whether they be short-term or otherwise). Investors as well as speculators are deterred from taking action even when it is clearly demanded. Our previous experience of the short-term tax produced a noticeably restricted market.

Speculators are not in general the villains they are sometimes held to be; nor are they generally the cause of a substantial movement in the stock market, only contributors to that movement. The volatility of the stock market in recent months has been caused by the technical factor of the availability or otherwise of stock.

Let it be said, one hopes for the last time, that the Stock Exchange does not "make" the market; it is made by the institutions (pensions funds, etc.) and the general public. It is the duty of the Stock Exchange through the Council to further and advance the interests of those who wish to make use of the market. The more that freedom of action is constrained by irrelevant taxes, the less able is the stock market to fulfil its function satisfactorily.

As usual, the trap laid to catch one truant catches instead a host of honest citizens.

Colin Harding.
14, Finsbury Circus, E.C.2.

Clarifying VAT

From Mr. Frank Walton.

Sir,—Any of your readers who have to fill in expense claims to their firms no doubt "love" VAT.

May I suggest the following points which could be ordered or persuaded by HMG.

Bills are the same size; the VAT number is in large print to a standard size; and the VAT number is in the same place on all bills.

As free collectors of tax for HMG this would not be much to ask.

F. T. Walton.
15, Ruskin Mansions, Queen's Club Gardens, W.14.

Participation in growth

From Dr. G. Copeman.

Sir,—Your report that "British bosses are Europe's poorest" (May 20) offers us a bleak future as a nation. We should be working towards the American system where the top tax rate on earned income is 50 per cent. For every extra two dollars earned a man can keep one. But such is possible, in my view, only because the U.S. also has 175,000 companies, including most of the giants, with deferred profit-sharing schemes.

These schemes are mis-named. They are not about the deferring of profit-shares, but the sharing of deferred, or re-invested profits. A better name for the U.K. would be participation in capital growth.

When employees participate in the ownership of capital growth, they can see the true nature of capital and shake off the political myths about pots of gold. Then it is possible to get rid of the nonsense about "soaking the rich" by having a high marginal rate of tax on income. Then the senior business manager, the senior civil servant and the senior academic can all receive a fair reward for their labours.

U.K. tax law contains no significant obstacles to companies running schemes for employee participation in capital growth. Some of our major companies have recently come to realise this and are looking at the possibilities.

George Copeman.
Cockman, Copeman and Partners.
161-163 Temple Chambers, Temple Avenue, E.C.4.

Adding to inflation

From Mr. J. F. Noyes.

Sir,—Since Mr. Healey's Budget the politicians from right and left have been adding to the class war by blaming each other for our economic crisis. Mr. Healey now talks about wage increases as the main cause of inflation.

I have pleasure in showing you what part of our present taxation system plays in adding to inflation.

	Year 1	Year 2	Year 3	Year 4
Workers take home pay needed to compensate for price rises	£10.09	£18.23	£33.23	£60 57
Tax at 35% on gross wages	5.88	10.72	19.54	35.60
National Ins. at 5.5% on gross	92	1.68	3.06	5.59
Gross pay needed (68% more than nett)	16.80	30.63	55.83	101.76
National Ins. Employers 8.5% on gross	1.43	2.60	4.74	8 65
Total costs increased by 82%	£18.23	£33.23	£60.57	£110.41

If VAT at 8 per cent. was added to £18.23 this would mean that taxation costs increase inflation by 96.8 per cent.

Until our Government is prepared to make radical changes in our taxation system we will be ravaged by hyperinflation.

James F. Noyes,
34, Russet Way, Lewisham Road, S.E.13.

Flat-rate rises

From Mr. D. I. Duff.

Sir,—All of a sudden someone seems to have stumbled on the idea that flat-rate wage increases are just the answer; and that "percentages" have been mischievous from the start.

May I draw attention to my letter which you inserted in your issue of January 23, under the heading "The Chancellor should explain." In this I said: "... at this stage of inflation the only thing to do is to give the same increment to everybody."

Honour to whom honour is due!

D. Inglis Duff.
62, Hepburn Gardens, St. Andrews, Fife.

British Steel problems

From The Chairman, City Section, London Young Chartered Accountants Group.

Sir,—Mr. A Brewer (May 15) suggested large scale stock-piling of steel in readiness for the next upturn in the market as a solution to British Steel's immediate over-capacity problems. The standard response to this solution will be that it is a very good idea, but who is to pay for it? (that is, where are the real resources to come from?). If the financing of this stock-pile is not to inflate the already grotesque Government borrowing requirement, the finance must come from additional saving by private individuals.

At a time when the private individual can obtain about 7 per cent. on his money to counteract an inflation of at least 22 per cent. per annum, I suggest there would be a large response for a "steel bond" organised on the same lines as a property bond. The public would be asked to subscribe for a share in a fund which would be used to purchase steel at manufacturing cost. British Steel would undertake to use this steel during the next upturn and would credit the funds for the steel it withdrew from the stock-pile at the then manufacturing price. There would have to be some undertaking from British Steel that say 50 per cent. of its requirement, once its plants were working at more than say 80 per cent. capacity, would be met from the stock-pile. Also, ECSC rules would have to be taken into account.

British Steel would gain from this fund because it would be able to shed manpower in an orderly manner rather than in a panic and also it would be able to sell the steel to the fund at full manufacturing cost (including overheads and other fixed costs). The investor in steel bonds would gain providing the manufacturing cost of steel kept up with the retail price index—a likelihood which has more certainty than most things to-day. Effectively, investors would be offered a medium term investment which had a very good chance of keeping up or exceeding the rate of inflation and which would also serve a useful national purpose.

The City would gain because it would demonstrate that it can still generate financial innovations of assistance both to investors and manufacturing industry. The economy would gain because the coming "flight from money" would be channelled, at least partially, in a productive way rather than non-productive ways like the inflation of the price of stamps, antiques and office blocks.

J. G. T. Thornton,
60, Jacksons Lane, N.6.

No point in a coalition

From Mr. M. Burnyeat.

Sir,—I read with great interest David Watt's article on the prospects of a coalition (May 16). Surely, though, he has missed the point that the Referendum (and the Common Market) is an issue which transcends ordinary party politics and is unique in this respect.

The politicians whom he mentions, Messrs. Heath, Jenkins and Thorpe, committed themselves at the last election to three manifestos which differ so wildly on all the other issues as to make any hope of a compromise impossible, unless two of the parties were to surrender their views to the other completely. Only then would a "coalition" mean anything, and in this case, of course, there would not be much point in having one in the first place.

Mark Burnyeat.
Pine Wood, Holly Bank Road, Hook Heath, Woking, Surrey.

To-day's Events

GENERAL

Junior Chamber of Commerce for London debate on a motion that UK should remain a member of Common Market. Speakers are Mr. Ernest Wistrich, director, European Movement, and Mr. Clive Jenkins, general secretary, ASTMS. At Chartered Insurance Institute, Aldermanbury, 12.30 p.m.

Electrical Power Engineers Association resumes pay talks with Electricity Council.

Major clearing banks continue pay talks with employees' representatives.

Sir Derek Ezra, chairman of National Coal Board, visits Eppleton Colliery, near Newcastle-upon-Tyne, to mark 150th anniversary of the mine.

Nato defence planning committee meeting continues, Brussels.

International Tin Council meets, Geneva, to consider executive chairman's suspension of buffer stock manager and his deputy.

PARLIAMENTARY BUSINESS

House of Commons: The House will rise for Spring Holiday and resume Monday, June 9.

OFFICIAL STATISTICS

Sales and orders in engineering industries (February).

COMPANY RESULTS

Reed International (full-year).
Staflex International (full-year).
Ultramar (first-quarter).

COMPANY MEETINGS

Armitage Brothers, Nottingham, 11.
Babcock and Wilcox, 12, Tothill Street, S.W., 12.30
Bestobell, Slough, 12.
Breedon and Cloud Hill Lime Works, Leicester, 12.
Brown Brothers Corporation, Great Eastern Hotel, E.C., 10.30.
Canning (W.), Birmingham, 3.
Catalin, Harlow 12.
Clayton, Leeds, 2.
Gadek Rubber, 15, St. Helen's Place, E.C., 11.
Gibbs (Anthony), Winchester House, E.C., 11.
Gross Cash Registers, Portman Hotel, W. 12.
Hill (H. and J.), Willenhall, 2.30.
Jerome (S.), Bradford, 12.30.
Lyle Shipping, Glasgow, 12.
Minet, Abercorn Rooms, E.C., 12.
Reckitt and Colman, Connaught Rooms, W.C., 10.30.
Tate of Leeds, Leeds, 4.30.
Ultramar, Winchester House, E.C., 12.
Warne Wright and Rowland, Birmingham, 12.15.

COMPANY NEWS + COMMENT

Northern Foods £1.4m. first half leap

PROFIT BEFORE tax of Northern Foods jumped from £1.55m. to £2.96m. for the half year to March 31, 1975 and earnings per 25p share have doubled from 1.55p to 3.16p.

The interim dividend is raised from 0.84p to 1p net. Last year's total payment was 2.3689p from profits of £4.75m.

Chairman Mr. N. Horsley says that for the group it would be unrealistic to expect the percentage rate of growth to be maintained for the second half, but a further increase is confidently forecast giving a substantial improvement in profit for the full year.

Commenting on the half year he states that the significant improvement in the trading of the cake and flour division arising out of considerable cost reductions has contributed materially to these figures.

Through a combination of increased volume sales, continued rationalisation and greater efficiency, good progress has been made by both the dairy and brewery divisions.

In a difficult period British Credit Trust has matched last year's first half figures and there will be an overall improvement for the full year.

Despite the group's good performance this must be seen in the context of the continued rise in inflation with the consequent peril which this will bring to both the country and the company, Mr. Horsley points out.

	1974-75 £000 Half-year	1973-74 £000 Half-year	1974 £000 Year
Turnover	61.553	45.379	99.336
Trading profit	4.363	2.849	7.681
Depreciation	976	767	1.760
Profit on trading	3.387	2.082	5.921
Investment income	74	79	172
Making	3.461	2.161	6.093
Interest	758	687	1,440
Leaving	2.703	1,474	4,653
Profit of BCT	229	217	171
Share of assoc. profit	32	*137	*79
Profit before tax	2,964	1,554	4,745
Taxation	1.502	766	2.240
Net profit	1.462	788	2,505
Minority profit	6	6	13
Pref. dividends	5	5	9
Extraord. credit	—	—	50
Attrib. to Ordinary	1.451	777	2.533
Ordinary dividends	460	386	1.088
Retained	991	391	1,445

* Loss.

● comment

Northern Foods' brewery and dairy operations are ahead and so too is British Credit, but the feature of the interim profits recovery is a turnround out of losses in the bakery division. Northern declines to spell out any of the figures involved but they are clearly substantial. This half, the brewery is going to benefit usefully from the end of rent controls; dairy products are still moving steadily forward and liquid milk sales remain buoyant; and British Credit could emerge from 1974-75 with profits of around £½m. pre-tax, against £171,000 in 1973-74. Add to all this continued recovery in baking, and a prospective yield of, say, 5.6 per cent. looks very fair at 74p—with cover rising to around the four-fold mark.

INDEX TO COMPANY HIGHLIGHTS

Fitzwilton sees shortfall

AN ADVANCE in pre-tax profits and a maintained interim dividend of 2p gross for the six months to December 31, 1975 is announced by Fitzwilton, the industrial holding company. On sales of £39.9m. the group and its associates report "substantially" higher trading profits. However, increased interest charges leave pre-tax profits only marginally higher at £1.45m. against £1.4m.

Chairman Sir Basil Goulding says that despite the maintained level of overall profits for the first half-year, inflation has eroded the profitability of the group for the year and will continue to be a serious threat in the future.

Noting that there has been a considerable downturn in both the export and home demand for fertilisers, he says "this will adversely affect profits for the full year which will therefore be below last year's £3.43m.

Commenting on the group's 27 per cent. stake in the dollar earning National Mine Service of Pittsburgh, the chairman explains that a 267 per cent. increase in net earnings on a 56 per cent. sales increase was achieved in the third quarter of 1975, compared with the same quarter of 1974. The group's total investment in National Mine Service now amounts to $9.1m. as against a current market value at May 13 of $18.6m. In sterling terms this represents a surplus over cost for the group of just over £4m., the chairman says.

● comment

An extremely buoyant fertiliser division pushed up Fitzwilton's trading profits by 32 per cent., but depreciation and interest higher by 61 per cent. dropped the improvement to a mere 3 per cent. at the pre-tax stage. Fitzwilton holds large property investments, which are basically financed through the bank, and with the additional burden of £180,000 interest on the $4.4m. raised to finance the increased holding in National Mine the group feels that its overall borrowings need to be reduced. Property disposals are planned, which should make the current borrowing ratio of debt to shareholders' funds of one-to-one look less depressing. Nevertheless, as far as the second half of 1974-75 is concerned, the group is faced with high interest costs, while fertiliser demand is likely to slump. Further, tax relief on exports is not going to create the subnormal tax charge originally hoped for; associates and half of the £0.7m. profit from subsidiaries are open to full tax charges. The pessimistic indication for the year clipped 5p off the shares yesterday to 70p—roughly double the value per share of the group's stake in NMS.

Hay's Wharf 2nd quarter setback

FIRST HALF (to March 31, 1975) pre-tax profit of The Proprietors of Hay's Wharf increased marginally from £1.73m. to £1.74m. from a substantially increased turnover of £19m., against £15.5m. Turnover and profit for the year to September 30, 1974 were £31m. and £3.84m. respectively.

First quarter profits were well up but the second quarter's were badly affected by industrial troubles in the Port of London. The London companies, however, are now recovering from the worst effects of the troubles, the directors state.

The interim dividend is 1.293p net per £1 share. Last year's total was 4.151p.

	Half-year 1975 £000	Half-year 1974 £000	Year 1973-74 £000
Turnover	19,000	15,500	31 000
Trading profit	3,111	2,898	6.172
Depreciation	768	760	1,500
Interest	647	472	950
Share associates	47	72	118
Profit before tax	1,743	1,730	3,840
Taxation	627	533	1,249
Minority interests	—	22	6
Net balance	1,116	1,175	2,585
Preference div.	45	45	91
Ordinary	213	215	684

The statement repeats that Kuwait Investment Office, which has acquired the Hay's Wharf shares formerly held by St. Martins Property Corporation, has repeated the undertaking given by St. Martins which means that before it can exercise voting rights or deal in Hay's Wharf shares it has to make a general offer at 256p in cash. The KIO holds 34½ per cent. of the Hay's Wharf equity.

SCOTTISH INV. TRUST

For the six months to May 5, 1975 gross franked investment income of Scottish Investment Trust Co. is virtually unchanged at £321,100 against £319,000 and unfranked is up marginally from £269,400 to £278,000.

The interim dividend is 0.455p (same) net. Last year's total was 2.05p.

Gross interest takes £34,500 (£53,000) and expenses £35,000 (£30,500).

Net asset value per 25p share is 97.6p (62.6p).

Brockhouse midway progress

IF CONDITIONS get no worse, J. Brockhouse should finish the year to September 30, 1975, with profits in sight of the record £2.95m. achieved in 1973-74, the directors forecast.

Sales for the first half ended March 31 have expanded £7.3m. to £29.52m., on which a profit of £1.3m. was earned, compared with just over £1m.

Export sales are up 48 per cent., and orders are greatly in excess of last year.

The interim dividend is stepped up from 4.41p to 5p per £1 share—total for 1973-74 was 11.055p.

	Half year 1975 £000	Half year 1974 £000
Sales	29.516	22.198
Interest paid	611	321
Debenture int.	71	73
Profit before tax	1,382	1,087
Taxation	795	589
Net profit	587	408
Minorities	4	4

● comment

Losses in J. Brockhouse's European companies, which amounted to about £0.9m. last year before extraordinary items of £0.3m., may be much reduced in 1975 following the company's withdrawal from certain French commitments and a second-half pick-up in German construction orders. Interest charges have risen to over a third of trading profits, in part a reflection of the Finspa acquisition, and the group may do well to hold borrowings this year at around 75 per cent. of shareholders' funds. Trading conditions in the U.K., which took over two-thirds of turnover in 1974, are worsening, and a maintained level of overall pre-tax profits implies a 15 per cent. downturn in the second half. The shares, which have risen twice as fast as the engineering sector this year, but from a distinctly low level, yield a prospective 11.6 per cent. at 165p, covered perhaps twice.

£720,103 at Odex Racasan

PRE-TAX profit of manufacturers of hygiene products, Odex Racasan advanced from £595,208 to £720,103 for the year to March 31, 1975 after a rise from £289,600 to £364,000 at half way.

Earnings per 25p share are given at 11.6p (9p) and the dividend is stepped up from 3.2681p to 3.5757p with a final of 2.5757p.

The directors say that the difficult conditions experienced in the final quarter of 1974/75, particularly in sales to retail outlets, continue. After only a few weeks' trading and given the uncertain economic climate, they feel that there is, at this stage, insufficient information to enable a reasonable estimate to be made of the likely profits for 1975/76. They are nevertheless confident that the group is well equipped to take full and immediate advantage of any upturn in the economy, and at present no cash flow problems are foreseen.

	1974-75 £	1973-74 £
Sales	6,265,250	4,376,449
Pre-tax profit	720,103	595,208
Taxation	362,574	322,386
Net profit	357,529	272,822
Extra-ord. credits	—	43,471
Pref. dividends	6,125	6,125
Available in Ord.	351,404	310,168
Ord. dividends	243,502	222,974
To reserves	8,750	8,750

Lyndale Engineering

Turnover of Lyndale Engineering increased from £1.84m to £2.7m. in the half year to December 31, 1974, and profit advanced from £105,103 to £203,313, before tax of £105,826 (£54,653).

The group has good order books and the results for the year should not be less than those of previous year (£484,761 pre-tax) despite some slackening of demand at the steel stockholding subsidiary.

The interim dividend is raised from 0.335p to 0.67p. Last year's total was 1.34p.

LEAHY KELLY

Foxhall Securities, of Belfast, states that on May 19, valid acceptances had been received in respect of 113,122 Ordinary shares in Leahy Kelly and Leahy in response to its cash offer, Foxall the despatch of the offer, Foxall held some 69.31 per cent. of the LK and L shares. As a result of the acceptances received, Foxhall now are entitled to 88.5 per cent. of the capital. The cash offer of 27.5p a share will remain open for acceptance until June 3, 1975, but no later.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
J. Brockhouse int.	5.0	July 31	4.41	—	11.05
Brunning Group	0.85	—	2.43	1.99(d)	3.57
Castings	1.38	July 18	1.26	1.8	1.68
Cons. Commercial 2nd int.	0.86(c)	July 25	0.73	1.75	1.61
Debenhams	2.62	—	2.62	4.05	4.11
Fitzwilton	2(a)	July 15	2	—	5.5
M. J. Gleeson int.	0.56	July 4	0.52	—	1.4
Grant Bros.	2.36	July 11	2.36	3.88	3.88
Group Lotus Car	0.37	—	1.69	2.0	3.16
James Halstead int.	Nil	—	0.22	—	0.67
Hay's Wharf int.	1.29	July 25	1.29	—	4.15
L. Lipton	1.4	July 11	1.34	2.4	2.22
Lovell's Shipping	4.97	July 10	4.99	6.97	6.39
Lyndale Engineering int.	0.67	June 27	0.34	—	1.34
Medminster int.	0.81	—	0.84	—	1.67
Northern Foods int.	1	Aug. 29	0.84	—	2.37
Odex Racasan	2.58	July 11	2.42	3.58	3.27
Old Swan Hotel	0.44(b)	—	0.2	0.74	0.5
Pritchard Services	0.67	July 15	0.63	1.11	1.02
Scottish Heritable Tst.	0.76(b)	—	0.7	1.46(b)	1.35
Scottish Inv. Tst. int.	0.45	July 22	0.45	—	2.05
Standard Fireworks	3.73	Aug. 5	3.42	3.73	3.42
Francis Sumner	0.22	July 28	0.31	0.72	0.66
Sumrie	1.8	July 11	1.83	3	3.08
Sungei Besi Mines 2nd int.	3.88	July 11	4.0	5.99	5.5
Trafalgar House int.	1.36	July 18	1.18	—	2.52
Warner Estate 2nd int.	1.5	—	1.03	2.6	2.08
Wolverhampton & Dudley int.	1.3	June 30	1.34	—	4.33

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross. (b) Amended to meet with Treasury requirements. (c) To be paid subject to offer by Rubislaw Investment Trust becoming unconditional. (d) Corrected.

Lovell's Shipping loss

After rising from £41,600 to £227,800 in the first half, taxable profits of Lovells Shipping and Transport Group finished 1974 up from £104,800 to £339,100.

Earnings per £1 share are shown to be up from 7.1p to 33p and the dividend is lifted from 6.39p to 6.97p net with a final of 4.97p. Net assets are given as 205p (180p) per share.

	1974 £	1973 £
Gross revenue	11,444,000	8,121,000
Trading profit	441,900	196,000
Franked invest. income	7,900	6,700
Interest payable	10,700	47,900
Written off	—	50,000
To past pensions	100,000	—
Pre-tax profits	339,100	104,800
Tax	146,500	59,400
Minority interests	—	4,100
Extraordinary income	—	4,000
Net profit	192,600	45,300
Dividends	40,600	37,300
Retained	152,000	8,000

The directors say that the result, while most satisfactory, was not quite as good as expected at the time of the interim report. The closing period of the year showing the impact of the recession in the international trade, the effect of which has hit almost all sections of the business in 1975 while costs are still inflating and combined with the heavy cost of the recent labour disputes in the London docks, a substantial loss for the first half of the current year is inevitable.

Trading losses are likely to continue for some months but steps have been taken to meet this situation with a view to reducing the losses and returning to profitable trading as soon as there is an improvement in business conditions.

L. Lipton £143,000 increase

Hirers of fork lift trucks, L. Lipton reports pre-tax profits up from £258,240 to £401,240 for 1974 after a rise from £110,721 to £218,480 at half-way.

Earnings are shown at 9.82p (6.08p) per 25p share and a final of 1.4p net raises the total dividend from 2.215p to 2.4p.

	£	£
Group turnover	4,104,271	3,088,407
Profit before tax	401,240	258,240
Tax	200,045	134,061
Net profit	201,195	124,179
Ord. divs	49,521	45,218

Chairman, Mr. L. Lipton, states that 1974 was a continuation of the previous year's recovery, and during 1974 the number of hires and hire revenue reached a peak level. However, costs continued to rise at an even higher rate in the second six months than in the first six months of the year, and therefore costs increased faster than the growth in hire income. This has meant that the results for the year, although satisfactory in themselves, do not fully reflect the overall reward for the general level of business.

Group liquidity at the present time is as satisfactory as it has ever been in the course of the last few years.

Standard Fireworks

Standard Fireworks is raising its dividend from 3.417p to 3.729375p net per 25p share for the year to March 31, 1975.

Pre-tax profit decreased from £224,473 to £191,464, and the net profit was £97,733 (£108,817).

ISSUE NEWS

Elliott raising £1.1m.

The Elliott Group of Peterborough announces that underwriting had been completed for a rights issue of 4,786,240 10p Ordinary shares at 25p per share to raise £1.1m. The basis is one for two Ordinary shares and 10 shares for £7.085 Convertible Unsecured Loan Stock held on May 2.

The directors expect to pay dividends on the increased capital totalling 1.97p per share (equivalent to 3.03p gross) for 1975. This represents an increase of 46 per cent. on the gross total paid for 1974.

At the end of last year the book value of buildings on lease, principally to local authorities, amounted to over £1.4m. an increase in the year of 26 per cent. The issue is being made to raise further capital for investment and to enable the Group to expand at home and overseas.

Dealings are expected to commence next Tuesday and the last date for acceptance is Friday, June 13. The issue has been underwritten by Copleys Bank Limited and the brokers are Sheppards and Chase.

NORTH ATLANTIC SECURITIES

North Atlantic Securities Corporation announces that approximately 84 per cent. of the £2.2m. Convertible Unsecured Loan Stock 1995/96 offered by way of rights has been taken up. The balance has been sold for the benefit of the Ordinary shareholders entitled thereto.

CRESCENT JAPAN

Crescent Japan Investment Trust proposes to raise approximately £1.7m. by a placing of 1.25m. new Ordinary shares of 50p each at 139p per share being the unaudited net asset value fully diluted as at May 19, 1975.

The placing has been carried out by Henderson and Crosthwaite and Hedderwick Stirling Grumbar with a limited number of institutional investors and is subject to the approval of shareholders in general meeting.

CELTIC BASIN

Celtic Basin Oil Exploration announces that in respect of the company's Rights issue of 167,700 shares of £1 each at £6 per share, that applications were received for 135,936 representing 81.1 per cent. of the issue. The balance of 18.9 per cent. was taken up by the underwriters.

The company has allotted for £1m. cash 149,066 shares of £1 each to Manx Petroleum, representing 60 per cent. of the capital after such allotment.

MANX PETROLEUM

Manx Petroleum announces that in respect of the company's rights issue of 1.2m. shares of £1 each at par, applications were received for 908,240 shares representing 75.7 per cent. of the issue, the balance of 24.3 per cent. was taken up by the underwriters. Of the proceeds £1m. has been subscribed for 149,066 shares in Celtic Basins Oil Exploration Limited representing 40 per cent. of that company's capital after such subscription.

Assoc. Fisheries first half loss £1.62m.

ON A reduced turnover of £36.06m., against £37.86m., Associated Fisheries incurred a loss of £1.62m. for the half year to March 31, 1975, compared with a profit of £4.57m. Profit for the year to September 30, 1974, was £3.61m.

The half year figures include three months of the Government subsidy given for the period January to June, 1975, but the chairman, Mr. P. M. Tapscott stresses that the payments are insufficient to compensate for the loss.

Some £3.4m. of the £6.2m. turnaround from profit to loss is attributable to trawling. The decline of nearly £2m. in turnover is a reflection of the fall in first hand price of fish, while the total collapse of the profit is a result of an immense rise in costs, including oil, wages, ship repairs and almost every other item.

Immediate problems are centred around the need to obtain higher prices for fish at the ports of landing and the serious uncertainties over national fishing limits and the related problems of overfishing, says Mr. Tapscott.

Overfishing now requires the slashing of next year's herring quota, which, with cost inflation and reduced demand at home and overseas, have led to a reduction in the level of canning activity in the herring division.

In the group as a whole, the directors are attempting in every way open to them to restore profitability. Since the beginning of the year, on the trawling side, this includes scrapping the oldest ships and the sale of others. The gravel interests at Berwick upon Tweed have also been disposed of.

Before the end of the year, Mr. Tapscott hopes there will be positive signs of trading recovery, but emphasises that it is the uncertainties surrounding the industry nationally and internationally which magnify its problems.

The loss per 25p share for the six months was 3.83p, against earnings of 9.67p.

	Half year 1975 £	Half year 1974 £
Group turnover	36,062,000	37,865,000
Estimated loss	886,730	*4,863,580
Share of associates:		
Marinex Gravel	176,646	193,000
Trawling	553,800	118,000
Loss before tax	†1,617,176	*4,572,580
Tax relief	832,742	‡2,354,524
Minorities loss	131,636	*531,489
Preference dividends	13,213	13,213
Loss attributable Ord.	686,011	*1,673,434

* Profit. † Including estimated subsidy £385,000. ‡ Charge.

● comment

Associated Fisheries was making losses during the closing stages of 1973-74, and it was obvious at that time that there were no immediate prospects of a recovery. Even so, the £6.2m. turnround into losses for the first six months of the year obviously startled the market which dropped the share price by 8p to 33p, where the historic yield is a hefty 16.4 per cent. There are, however, some encouraging pointers for the second six months: first, the company has cut back its fleet, and therefore its costs: the price of fish is moving in the right direction again; there should be the full benefit of the Government subsidy (£1m. in the second half), assuming this is still in force; and North America, having reduced its stocks of fish blocks, is now back in the market which should stop cheap fish being dumped in the U.K. So just as first-half profitability has proved highly sensitive, so an upturn in trading could have an immediate impact in a highly-geared situation. Meanwhile, the balance sheet situation remains largely unchanged on end-1973-74.

Pork Farms advances £0.2m.

TURNOVER OF manufacturers of meat products Pork Farms increased from £15.28m. to £19.38m. for the year to March 1, 1975, and profit before tax advanced from £1.03m. to £1.24m. after a rise from £461,000 to £625,000 at half-way.

Earnings per 10p share are stated at 19.3p (15.8p). There is no final dividend as the first and second interims already paid totalled 7.1229p (6.444p), the maximum permitted.

Tax takes £578,942 (£535,824). The attributable balance is £653,838 against £495,439.

● comment

The impact of higher pork and beef prices has left Pork Farm's second-half profits growth at only 8 per cent. after the gain of 35 per cent. in the first six months. In the past five months Pork Farms has had to make two price increases with another due in a couple of weeks. The trouble here is that delay in getting these increases through the Commission has knocked margins. Pork herds are now being built up, but it may be another year before this will be reflected in prices. That puts a greater strain on Pork Farm's ability to increase its market share, for there seems to be little overall volume growth with the butcher benefiting from the period of cheap meat. At the moment volume growth is about 10 per cent., so things seem to be moving in the right direction; borrowing has been held at 1973-74 levels after a year of exceptionally high capital expenditure, while the shares at 134p are yielding 8 per cent.

NEGRETTI BUYS

Negretti and Zambra group is acquiring the assets of Kollsman Instrument, of Southampton, for £250,000 cash. Value of the assets being acquired is £200,000, represented substantially by plant, stocks and work-in-progress.

Kollsman manufactures high technology civil and military aviation equipment and is a subsidiary of the Kollsman Instrument Company, a division of Sun Chemical Corporation, U.S.

ICI First three months' results

The Board of Directors of Imperial Chemical Industries Limited announce the following unaudited figures of the trading results of the Group for the first quarter of 1975 with comparative figures for 1974.

1974 First Quarter £ millions	1974 Year £ millions		1975 First Quarter £ millions
661	2,955	SALES TO EXTERNAL CUSTOMERS	748
122	455	PROFIT BEFORE TAXATION & GRANTS	80
40	169	After providing for: Depreciation	41
—54	—201	Taxation less investment grants	—36
4	14	Regional development grants	7
72	268	PROFIT AFTER TAXATION & GRANTS	51
—	—6	Extraordinary items	—
72	262		51
—5	—19	Applicable to minorities	—4
67	243	PROFIT AFTER TAXATION & GRANTS APPLICABLE TO IMPERIAL CHEMICAL INDUSTRIES LIMITED	47

Group sales in the first quarter of 1975 were 13% higher than in the corresponding quarter last year. Sales in the U.K. increased from £273m to £314m and those overseas from £388m to £434m. The fob value of exports for the quarter was £147m (1974 £154m).

Group pre-tax profits continue to be depressed by the effects of the world-wide recession particularly for fibres and plastics products. The diversity of the Group's operations in terms of both product and territory has however helped profits during a difficult quarter.

The following table summarises the quarterly sales and profits before taxation:

	Group sales £ millions	Group profit before tax £ millions
1974 1st Quarter	661	122
2nd Quarter	783	132
3rd Quarter	765	119
4th Quarter	746	82
Year	2,955	455
1975 1st Quarter	748	80

The total profits need, however, to be judged in the light of inflation. If adjustments were made for the impact of current inflation on these figures, the Group profit before tax of £80m would be reduced by £50m: this compares with a corresponding reduction of £123m for the whole of the year 1974 for the conditions of inflation which existed then.

The charge for taxation in the first quarter of 1975 consisted of £28m of corporation tax, £12m overseas tax and £1m of tax on principal associated companies, less a credit of £5m for investment grants.

The trading results for the first half of 1975 will be announced on 4 September 1975.

I. J. Dewhirst Holdings Limited

Highlights from the statement by the Chairman, ALISTAIR J. DEWHIRST.

- ★ Pre tax profit of £487,150 — an increase of 28%.
- ★ Sales up to £5,741,000 — an increase of 36%.
- ★ Dividend for year 2.46p net — the maximum permitted.
- ★ 60% of shareholders chose shares in lieu of dividend — adding £105,000 to permanent capital.
- ★ Substantial progress at Pennywell mens suit factory — casual jackets and trousers now added to range. New factory extension will be in production in Autumn.
- ★ Production of shirts and blouses maintains high level with wider product range.
- ★ Sales to Marks & Spencer Ltd., exceed annual rate of £5 million for first time.
- ★ We continue to seek opportunities to expand range and production capacity — however the Board's most important responsibility will be to ensure that existing factories are fully and profitably employed and to maintain adequate cash resources.
- ★ Good start made in sales and production levels and expect increased first half profits. Difficult to forecast full years profits but we are in good shape and heart to face future challenges and expect to grow satisfactorily in current year.

ijd

Copies of the Report and Accounts may be obtained from The Secretary, I. J. Dewhirst Holdings Ltd., Dunwear House, Westgate, Driffield, North Humberside. YO25 7TH

HARTLE MACHINERY INTERNATIONAL LTD.

(Machine Tool and Engineering Group)

Year ended 31st December	1974 £'000s	1973 £'000s
Turnover	8,002.3	6,622.4
Profit Before Taxation	406.9	306.4
To Taxation	224.2	158.7
Dividends	54.9	46.7
Retained Profit	100.4	73.6
Earnings per share	7.15p	6.54p

Mr. Derek Hartle, Chairman, reports:

- ★ Record profits in 1974 were 32% up on the previous year and three times the level reached as recently as 1971.
- ★ The total dividend of 2.15p per share is the maximum allowed under present Government restrictions.
- ★ Interest in the Group's products continues both at home and overseas but for this interest to continue it is essential for the authorities to create a climate conducive to capital investment.
- ★ Our efforts will be intensified to ensure that the Group operates to the fullest possible benefit of its customers, shareholders and employees.

HARTLE MACHINERY INTERNATIONAL
MACHINE TOOL GROUP FOR THE 70'S

Bank House, Charlotte Street, Manchester

Half way progress for Trafalgar House

REPORTING profits up from £9.02m. to £9.81m. for Trafalgar House Investments in the half year ended March 31, 1975, chairman Mr. Nigel Broackes says the company has come through a difficult and testing time in good shape.

Profits on land sales and ships totalled only £0.5m., against £2.7m. Eliminating these the advance in profit is £2.7m.

"We are still adopting a cautious and defensive posture and our deliberate expansion of overseas operations is going well," he says.

Mr. Broackes continues to be confident in the composition of the company, and says current year profits will exceed last year's £19.57m. despite the absence of significant contributions from sales of ships and building land.

Earnings are given as 5.2p (5p) per 20p share basic and 5.1p (4.9p) fully diluted. The interim dividend is raised by the maximum —from 1.1777p to 1.3634p—and it is intended to repeat this in the final.

As the Budget eliminated the principal attractions of the accumulating Ordinary shares, holders are advised to consider converting back to Ordinary.

	First half 1975 £000	1974 £000
Profit before tax	9.808	9.020
Property and invest.	3.710	3.305
Contracting, etc.	3.749	1.520
Housebuilding	*327	1.605
Shipping and hotels	†4.926	4.294
Provision	‡.500	—
Funded debt int.	2.304	2.204
Taxation	3.433	3.137
Net profit	6.375	5.883
Minorities	200	125
From devel. prop. res.	108	173
Available	6.283	5.911

* Profit on land sales £14,000 (£765,000). † Includes £444,000 (£1.6m.) profit on sale of ships. ‡ Re developments for sale and building land.

Reviewing the half year the chairman says the property development business in this country is at a very low ebb. The market for the sale of investment property is improving and doubtless has further to go, but group involvement with new developments has almost ceased and it is hard to see when such activity will revive.

Civil engineering work in the U.K. continues at a high level and benefits have come from a number of energy related projects, but the outlook for the conventional building industry is bleak due to lack of new orders in both the private and public sectors.

The private housebuilding market shows little sign of real improvement so far; and in hotels here and in the Caribbean conditions continue to be difficult.

Construction orders now exceed £300m (1974 £230m.). Less than 12 per cent. of the order book is at fixed prices, and much of this small figure represents works of short duration. Despite the limited recession in world trade shipping results have held up well.

About 40 per cent. profits arise from overseas operations and this will grow. Positive cash flow in foreign currencies is now in the region of £30m. p.a., which enables the group to carry the burden of U.K. problems. "It is hard to see when things will improve in this country, and in the meantime the overseas emphasis will increase steadily."

Mr. Broackes is sending holders a separate letter on the subject of the EEC Referendum because it is feared that withdrawal would be a disaster for Great Britain in its present weakened condition.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims—Archimedes Investment Trust, Chemring, Fitzroy Investments, Spooner Industries.

Finals—A. Goldberg, Highgate Optical and Industrial, S. Leboff Fobel, Moss Bros., Reed International, Staflex International, Westpool Investment Trust.

FUTURE DATES

Interims—

Durban Roodepoort Deep	Jun. 9
East Rand Proprietary Mines	Jun. 9
Ley's Foundries and Engineering	May 29
Spencer Clark Metal Industries	Jun. 5

Finals—

Beaver Group	May 28
Blyvooruitzicht Gold Mines	Jun. 9
Chapman and Co. (Balham)	Jun. 9
East and West Investment Trust	May 28
Highlands and Lowlands Para Rubber	May 28
Metro Town and Central Properties	May 29
Spink and Son	May 28
Teacher (Distillers)	May 27
Trustees Corporation	Jun. 26

Friends' Provident Life

The annual report of Friends' Provident Life Office shows that the fund at the end of the year amounted to £401m. compared with £357m. at the beginning. Premium income increased by nearly £6m. to £45.5m., while investment income was £5m. higher at £30.2m.

During the year the company not only built up a reasonable liquidity reserve but increased its equity and fixed interest holdings on attractive terms, resulting in a 8 per cent. rise in the fund's yield. Despite the slowing down of activity in the house purchase market, the company's new business figures were comparable with 1973.

The chairman, Mr. E. W. Phillips, refers to the selling of the Century Insurance Company to Phoenix Assurance which ended the group's operations in general insurance. He says that the parent life company was the only source of finance and Century, because of inflation required a massive cash injection to operate under current conditions. In the circumstances it was decided that the sale was in the best interest of both policyholders and staff.

Castings earns and pays more

MALLEABLE ironfounders, Castings, reports that from increased turnover of £2.72m. against £1.83m. pre-tax profit for the year to March 31, 1975, expanded from £303,629 to £428,268. At half way the rise was from £114,467 to £131,769.

Earnings are shown at 4p (3p) per 10p share and the dividend is raised from 1.68p to 1.8p with a final of 1.38p net. Dividends have been waived on 395,000 shares.

After tax of £216,819 (£157,500) the net balance emerges £65,320 higher at £211,440.

No interim from James Halstead

Manufacturers of plastic floor tiles and mouldings, waterproof clothing, etc., James Halstead (Holdings) reports turnover for the six months to December 31, 1974 up from £4.16m. to £5.36m. and an increase in profits from £145,180 to £186,955 before tax of £81,275 against £73,146.

However, extraordinary debits of £226,113 compared with credits of £12,183 leave a deficit of £120,433 (profit £84,217), and there is no interim dividend.

The extraordinary debits consist mainly of provisions for closure losses in respect of a subsidiary company.

In the year to last June an interim dividend of 0.224p net was followed by a final of 0.448p. Pre-tax profits were £438,533.

LONRHO

A Board meeting of Lonrho will be held on June 9 to consider results for the six months ended March 31, 1975. A first interim dividend of 0.939p per share (net) was paid on April 4 last and in line with the company's normal practice the Board will not be considering the payment of a further interim at this meeting.

Debenhams better trend: sees record this year

IN THE second half of the year ended February 1, 1975, considerable improvements were effected in the trading operations of Debenhams. Profits before tax have finished at £5.81m., against £10.81m. in the previous 53 weeks, after being £112,000 (£5.19m.) at the interim stage.

The directors report that the current year has begun in a greatly improved state. The profit forecast which has been updated in the light of trading experience to date and such information as is at present available indicates that, in the absence of a major economic deterioration, the group should achieve record profits.

In the light of current trends the final dividend is 3.625p to make 4.049p (4.1125p), equal to 24.65 (24.17) per cent. at the gross level.

	1974-75 £000	*1973-74 £000
Sales	†246,306	227,263
Trading profit	11,730	14,624
Loan, etc., interest	7,289	4,679
Associates loss	191	‡127
Other credits	1,557	545
Profit before tax	5,807	10,811
Taxation	2,800	5,432
Net profit	3,007	5,379
Pref. dividends	88	88
Incentive shares	2	24
Ordinary divs.	3,235	3,275
Retentions	§316	1,984

* 53 weeks. † Tax exclusive. ‡ Profit. § Debit.

Results were affected adversely by high interest rates and by heavy mark downs needed to implement the decision to reduce stocks substantially.

Stocks at the end of the year were lower than at February 2, 1974, despite an increased turnover.

In the second half the cost reduction programme continued and staff numbers stand at some 30 per cent. less than a year ago. Redundancy payments totalling £601,000 have been charged. Other exceptional losses, the sources of which have now been eliminated, were also written off, totalling a further £600,000.

Results achieved by the department stores, which still form by far the largest part of the business, improved steadily and the difficulties which had been experienced at Caters were overcome.

● comment

Debenhams' £5.8m. before tax takes in property sales of £2.5m. and is after £1.2m. in redundancy payments and exceptional losses. And the dividend—which is marginally lower at the net level—is uncovered. However, the recovery forecast for 1975-76 implies a return to profits of at least £12.9m. pre-tax. Sales to date are a fifth ahead but only marginally higher in volume terms. So Debenhams is pinning most of its faith on savings from the massive staff cuts plus a more profitable trend in the Caters food operation. As for the balance-sheet, group borrowings are usefully lower and stocks are not a problem—among the stores at least. At 84p, yield is some 2½ points above the stores' average at 7¼ per cent.

Excess costs hit Group Lotus

SALES FOR 1974 of Group Lotus Car Companies increased slightly from £7.34m. to £7.5m., while profit, before tax, contracted sharply from £1,155,749 to £293,909, after £151,090 (£660,000) at half-way.

Mr. A. C. B. Chapman, chairman, says total revenue for the year was maintained but due to the fluctuation of production schedules and demand considerable excess costs were experienced.

The current year will be a difficult one, but with new models being introduced to widen sections of the market "we believe we can look forward to an improvement in our profitability," he declares.

A final dividend of 0.37p per share makes a net total of 2p per share (3.16p), absorbing £116,600. Net taxed profit was £133,781 (£593,026).

The group should experience a decided benefit in the coming year, the directors state. Profit for the year to June 30, 1974, was £99,640.

The interim dividend is 0.8125p net per 10p share (0.8375p). Last year's total was 1.675p.

NEWS INTNL.

Owing to industrial action at printers it has not been possible to send the accounts of News International out in time to hold the AGM on June 13 and therefore it will now be held on June 23.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	£36⅛	£32⅝	Bell Canada ($25)	£34	+⅝	—	—	—	—
♣	F.P.	—	£22¼	£17½	Cont. Can. Inc. $US1	£21	—	$1.8	—	3.8	—
$R2	Nil	30/5	110	23	Deelkraal Gold Mining	110pm	+20	—	—	—	—
::	F.P.	—	134	120	Ewart New Northern	131	—	—	—	—	—
140	F.P.	20/6	181	154	Rank 'A'	175	−2	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
£100	F.P.	—	100½	98⅝	Agricultural Mortgage 11% 1976	99⅝	+⅛
*£100	£25	—	40	39½	Allied Irish 10% Conv. Uns 1985	39½	
£100	£10	—	11⅝	11¼	Colne Valley Water 9% Red. Prf. 1980	11¼	
*£100	nil	—	29	21	Gestetner 'A' 10% Com. Uns. '90/95	27pm	−1½
$98	F.P.	—	$97	$96½	Granges 9¾% Bonds 1985	$97	
£97¾	£40	—	39¾	37	GLC 12¾% Stk. 1982	38⅛	+⅛
a	F.P.	22/8	100	100	Greenwood & Batley 16% Uns. 1976	100	
£99	F.P.	30/5	102¼	98⅛	Lincoln Corp. 13% 1980	100¼	+¼
‡‡£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	104½	−½
••	F.P.	23/5	15½	11¾	Mid-Southern Water 10% Prf. 1980	105½	+1
$100	F.P.	—	$100½	$100½	Norsk Hydro 9½% Bds. 1985	$100½	
£100	F.P.	21/5	113	106	N. Atlantic Secs. 7½% Cnv. 95-96	113	+½
$98	F.P.	—	$98	$96½	Ottawa-Carleton 9% Deb. 1990	$98	
$99	F.P.	—	$101	$92½	Papua New Guinea 9½% Guar. 1985	$100	
‡‡£76	F.P.	—	105¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	104	
£100	F.P.	30/5	156	122	Slough Estates 10% Cnv. Uns. '87/90	149	−6
£99¼	£45	1/8	48¼	43½	Southend-on-Sea 12¼% 1981	44	
£99	F.P.	11/4	106	99	S. Staffs. Water 10% Prf. 1980	104½	
••	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	104	−1
—	F.P.	14/2	90	80	Worth (Bond) 12% Conv. Uns.	90	
*£100	£50	2/10	97	67	Yorks Chems. 12¼% Conv. Uns.	80	−5

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date 1	Latest Renunc. Date 2	Stock	Closing Price p	+ or −
100	Nil	—	—	Ash & Lacy	26pm	.....
33	F.P.	16/5	2/7	Associated Biscuit	64	−4
10p	F.P.	15/5	16/6	Aurora Holdings	11⅝	+⅛
35	Nil	—	—	Cadbury Schweppes	10½pm	+½
10p	F.P.	2/5	30/5	Croda Int.	70	.....
55p	F.P.	19/5	10/6	Delta Metal	69½	.....
$1.20	Nil	—	—	EZ Inds.	85pm	+15
55p	F.P.	2/5	23/5	Fothergill & Harvey	69	.....
175	F.P.	19/5	20/6	Guest Keen	250	−2
Dm90	Nil	—	—	Hoechst	70pm	.....
125	Nil	—	—	Linfood Hldgs.	39pm	−1
100	Nil	—	—	Manbre & Garton	28pm	−2
60	F.P.	—	—	Martin Black	104	+5
50	F.P.	16/5	13/6	Morgan Crucible	97½	−½
25p	Nil	—	—	Pahang Cons.	1pm	.....
47	Nil	—	—	Richard & Wallington	25pm	−2
56	F.P.	1/5	27/5	Rolls-Royce	60	−5
Kr60	Nil	—	—	S.K.F. "B"	200pm	.....
95	Nil	—	—	Simon Eng.	17pm	.....
77	F.P.	12/5	6/6	Spirax-Sarco	119	+1
315p	Nil	—	—	Sun Alliance	122pm	.....
125	Nil	—	—	Tarmac	15pm	−5
190	F.P.	29/4	1/5	Tube Invs.	292	−2
23	Nil	—	—	Western Selection	13pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. •• Issued by tender. * Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

Pritchard's overseas growth

AFTER INTEREST charges up from £273,000 to £444,000, taxable profits of Pritchard Services Group rose from £1,212,000 to £1,273,000 in 1974. Turnover expanded from £26.81m. to £32.94m.

At halfway, reporting a fall in profits from £626,000 to £606,000, the directors were expecting a satisfactory growth in full year taxable profits.

Full-year earnings per 5p share are shown to be down from 2.76p to 2.73p. The dividend is lifted from 1.0243p to 1.1124p net with a final of 0.6749p.

	1974 £000	1973 £000
Group turnover	32,942	26,808
Building	24.322	20.897
Catering	3.411	2.662
Security	3.142	1.298
Stone restoration	1.245	1.505
Linen hire	622	443
Trading profit	1.716	1.485
Building	1.278	1.237
Catering	23	25
Security	201	72
Stone restoration	105	137
Linen hire	622	443
Interest	444	273
Profit before tax	1,272	1,212
Tax	642	630
Minorities	45	30
Extraordinary debit†	45	*157
Available	540	749
Dividends	239	220
To reserve	301	529

† Comprise exchange losses net of tax. Losses incurred in setting up Security Service and Building Preservation businesses in U.K. (£125,000 net of tax) comparable to capital or goodwill if Group had chosen to establish these activities by acquisition. Such expenditure not held to be a fair deduction from profits, and has therefore been classed as extraordinary and covered by drawings from reserves. Transfer of £125,000 made from reserves to Property revaluation (net of tax) adds £56,000 to reserves while adjustment to deferred tax of overseas subsidiary increases opening reserve by £24,000. * Credits.

The chairman, Mr. Peter Pritchard, says that the increased trading profit is encouraging. If in 1975 the group can achieve similar improvements planned overseas expansion and diversification will have paid off as defences against limitations set by economic factors in one country or in one industry, he tells members.

Half the group's total turnover is overseas. This represents nearly a third of total trading profits. "So, we are moving towards establishment of a good overseas profit balance in steadily-diversified activities."

"Overall, current forecasts indicate 1975 will not be disappointing," concludes Mr. Pritchard.

Pritchard has also taken a 40 per cent. interest in Kuwait Cleaning Works Company while Saudi Pritchard has been set up in Riyadh to provide total maintenance to offices, hospitals, airports and other large commercial and municipal contracts. The group is also planning to expand into Germany shortly.

● comment

With the rise in interest charges completely checked, Pritchard managed a second half pre-tax gain of 13½ per cent. for an overall improvement of 5 per cent. There was little growth in the traditional cleaning services but rapid improvement in overseas security operations and linen hire more than offset the shortfall in stone cleaning. This year the U.K. security activities should start to show a positive cash flow now they have overcome the credibility gap while linen hire should also show a more agreeable return on capital employed. Elsewhere, stone cleaning is likely to have another difficult year but there are one or two interesting situations in the Middle East. Overall, the overseas interests now account for some 50 per cent. of turnover and 33 per cent. of trading profits, so Pritchard has a useful hedge against difficulties in the U.K. The shares at 13½p are yielding a healthy 15 per cent.

W. Duncan & Goodricke

Commenting on the current year, Mr. H. G. Sinclair, chairman of Walter Duncan and Goodricke, says it is difficult to forecast the results of the finance group other than to say that factors should continue to trade profitably. The position with regard to the other companies in this group will depend to a large extent upon the property market.

The warehousing business was very active during the past four months and its upward trend of profitability is expected to continue throughout the current year, he adds.

As known pre-tax profit decreased from £982,283 to £774,487 in 1974 and the dividend is 17.7375p net per £1 share (same).

Indications during the first half year pointed to increased profits from all divisions but the higher trading profits of the finance group were much reduced by the provisions that were considered necessary for bad and doubtful debts. The general trading, investments and tea agency side produced better results than formerly in spite of not having received remittances from Bangladesh to cover London office expenses, says Mr. Sinclair.

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Moscow Narodny growth

Assets of Moscow Narodny Bank have grown from £835.9m. in 1973 to £1,116.2m. in 1974 reflecting continued growth on the part of London head office and the Beirut and Singapore branches.

East-West trade, in which the bank is principally involved, rose at a "remarkable" rate. Indication are that, in U.S. dollar terms, an expansion of 45 per cent. was recorded, the directors say.

The planned nature of East-West trade and the number of large scale East-West contracts concluded in 1974 should ensure that Western trade with the socialist countries expands at a more rapid rate than world trade in 1975, they add.

Net profit for 1974 was £1.36m. No dividend is proposed and the sum of £1.35m. is being placed to general reserve bringing the balance of this account to £5.85m.

Since December 31, Paid Up Capital has been increased to £12m. and it is intended to increase authorised capital to £20m. to allow for further expansion.

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12.7% fall at Sumrie

After a 14 per cent. decline from £135,000 to £116,000 at half way profit before tax of clothing manufacturers, Sumrie Clothes contracted 12.7 per cent. from £312,783 to £272,991 for all the year ended March 29, 1975.

The final dividend is 1.8036p net making a total of 3p compared with 3.07862p.

	1974-75 £	1973-74 £
Group turnover	4,371,000	3,832,000
Profit before tax	272,991	312,783
Taxation	147,500	163,076
Net profit	125,491	149,707
Dividends	75,000	75,960
Profit retained	50,491	73,741

Medminster first half downturn

On a slightly reduced turnover of £3.69m., group pre-tax profit of Medminster decreased from £64,750 to £40,790 in the half year to December 30, 1974.

	Half year 1974 £	1973 £
Turnover	3,495,823	3,720,158
Interest charges	40,635	42,367
Depreciation	31,998	33,838
Pre-tax profit	40,790	64,750
Taxation	21,190	33,750

The business is that of hirers of furniture, etc., and leasors of light aircraft.

Medium-term loans as at the end of March have been reduced from £271,000 to £182,000. With the current drop in interest rates

Extracts from annual meetings

A number of annual meetings were held yesterday and the following are comments by their respective chairmen.

Mr. Harry Smith, of Bridon (formerly British Ropes) confirmed his earlier forecast that profits in 1975 would be close to those achieved in 1974 and said that there were "reasonable prospects" that 1976 would show some recovery. The company was investing $3.3m. in a man-made fibre baler twine plant in Minnesota.

Mr. T. Lloyd Robinson Dickinson Group, told shareholders that at the end of April sales and profits in the U.K. were still just ahead of last year but overseas were lower. Orders were still lagging behind sales and the future remained "very uncertain" with much depending on the restocking process and the level of consumption thereafter.

After the English Property Corporation meeting, Mr. David Llewelyn, the chief executive, said overall profitability was running about the same as last year although the group was finding conditions more encouraging. Income and profit from investment showed "quite considerable improvement," but dealing profits, which mainly fall in the second half, were unlikely to be at last year's levels. The group had now started work on clearing its backlog of projects, but was not contemplating any new schemes.

Mr. Cyril Stein told Ladbroke Group shareholders that business was buoyant and the company wanted, on top of its existing property interests in Europe, to expand into holidays and hotels there. Employees would be given time off to vote in the EEC Referendum and the Board was "unanimously in favour of Britain remaining in the EEC."

Sapra shareholders were told that for the half year to the end of May the Board was expecting a profits increase of between 15 and 20 per cent. with much faster growth in the second half.

Mr. A. Rampton of Freemans (SW9) said the first 16 weeks had been buoyant with special surges around Budget time in respect of those goods now subject to 25 per cent. VAT.

Mr. Derek Hartle, of Hartle Machinery International, said various enquiries had been received about help in setting up factories overseas and these were being actively explored. "Unless confidence in this country is restored more and more companies will have to consider overseas manufacturing arrangements. Orders were satisfactory and the company was bullish about the future."

Results for 1975 were expected to be substantially better than for 1974, said Mr. G. A. Mobbs, of Slough Estates, yesterday. This was due mainly to the beneficial effect of the Government's decision to unfreeze commercial rents. Results for the first quarter of this year were up to expectation.

BRIDON

Bridon Limited Warmsworth Hall, Doncaster, South Yorkshire DN4 9JX, England

The Bridon Group includes British Ropes Limited, Bridon Fibres and Plastics Limited, Bridon Wire Limited, Bridon Engineering Limited, and over 50 world-wide manufacturing and distribution companies

Mr. Harry Smith's address to the Annual General Meeting held in London on 22nd May, 1975.

Since I prepared my Statement to Shareholders there have been a number of developments and I would like to comment on these.

Relief for stock appreciation in the recent Budget is most welcome and will assist in the difficult task of providing additional cash to finance stocks during this period of high inflation. It is disappointing however to see a continuation of both price control and dividend restrictions without any effective action to control the high rate of inflation. Urgent action is needed otherwise the longer term prospects of UK industry will be severely damaged. Also included in the Budget statement were new regulations concerning shares issued in lieu of dividend, which removes any benefit to the shareholders of such an arrangement. In view of this it is not proposed to offer this option again unless the tax situation changes.

In early April I am glad to say that we were able to announce the successful conclusion of the recent Rights Issue to ordinary shareholders. As stated at that time, 92% of the shares alloted were accepted; the balance has been sold in the market and the excess over-subscription price distributed pro rata. We were very gratified at the excellent response to this Offer and the additional funds will enable us to proceed with our plans for further expansion of the Group both in United Kingdom and Overseas.

The issue of the new shares has reduced to a very low level the difference between the authorised and issued share capital. The Board felt that it would be advisable therefore to take this opportunity to increase the amount of authorised capital and a proposal to this effect is included in the agenda of this Meeting. There are however no immediate plans involving the issue of shares.

During May we announced to our employees the introduction of the Savings Related Share Option Scheme which was approved by shareholders last year. This Scheme will be available to all employees over the age of 25 and with at least five years' service. In addition to the features of a normal savings scheme, this Scheme enables participants to exercise an option to purchase shares in the Company at the price ruling on 6th June 1975. I think existing shareholders will agree that it is desirable to encourage employees to become shareholders in the Company for which they work and I believe this scheme will provide every practical encouragement for them to do so.

In June we shall receive the results of the Referendum on EEC membership. I hope this will be a clear mandate for continued membership. Without commenting on the detailed arguments for and against, it is clearly detrimental to have continuing uncertainty on this issue which is so vital to our economic future. As a company we assumed, a number of years ago, that we would ultimately join Europe and our investment strategy, which has led to expanding sales to Europe, has been on this basis. It is always difficult when developing long-range plans to make the correct assumptions in regard to government policy but it seemed sensible to assume ultimate membership of the EEC since every British Prime Minister, when in office during the last eighteen years, has clearly stated the desirability of UK membership. If this decision is now reversed I have no doubt that the effect will be most harmful to the future of the whole economy of the United Kingdom.

Towards the end of April we announced the conclusion of arrangements to establish a new company in Iran called Bridon Farhang. In addition to the product range already announced of high carbon wire and wire rope, it has now been decided to expand the activities to include man-made fibre cordage. The company is expected to commence production during 1976 and there is every indication that demand for its products will grow steadily with the development of the Iranian economy.

A further overseas investment is now proceeding; this is the establishment of a manufacturing operation in Albert Lea, Minnesota, to produce man-made fibre baler twine for sale in the North American market. Production will commence early in 1976 and in time for the harvest during that year. The total investment in this project will be $3½m.

Turning now to prospects for the current year, taking into account the results achieved so far and the forecasts for 1975 which have been received from the heads of the operating companies, I can confirm the forecast in the Statement that I anticipate profits being close to those achieved during 1974. It is however also necessary to say that trading conditions are extremely volatile and the forecast depends on no unforeseen circumstances affecting the state of trade in the principal areas in which we operate. Looking further ahead, I think there are reasonable prospects that 1976 will show some recovery in the conditions of world trade and that we shall benefit from this.

ICI first quarter downturn

ON EXTERNAL SALES up 13 per cent. to £748m., first quarter 1975 profit of Imperial Chemical Industries contracted from £122m. to £80m. before tax and grants. The figures for the year 1974 were £2,855m. and £455m. respectively.

First quarter sales in the U.K. increased from £273m. to £314m. and those overseas from £388m. to £434m. The fob value of exports was £147m. (£154m.).

Profits continue to be depressed by the effects of the world-wide recession particularly for fibres and plastics products. The diversity of the group's operations in terms of both product and territory has, however, helped profits during a difficult quarter, the directors state.

	First quarter 1975	1974	Year 1974
	£m.	£m.	£m.
External sales	748	661	2,855
Profit before tax	80	122	455
After depreciation	41	40	169
Taxation	36	54	207
Regional grants	7	4	14
Net profit	51	72	268
Extraord. debits	—	—	3
Minorities	4	5	19
Applicable ICI	47	67	243

It is pointed out that total profits need to be judged in the light of inflation. If adjustments were made for the impact of current inflation on the figures, the profit of £80m. would be reduced by £50m.; this compares with a corresponding reduction of £123m. for the year 1974 for the conditions of inflation which existed then.

The charge for tax in the first quarter of 1975 consisted of £28m. of corporation tax, £12m. overseas and £1m. of tax on principal associated companies, less a credit of £5m. for investment grants.

The uncertain outlook of world stock markets seems bound to be reflected in a further spell of fluctuating share prices.

Throughout the past several years the company maintained a high quality portfolio in leading well-managed companies with established records.

"We feel that the record of the company both as regards capital and dividends is evidence of the constructive yet defensive qualities of the portfolio, features which we believe will continue to stand shareholders in good stead in the future," the directors add.

Considering the extreme fluctuations in stock market prices, the performance of the investments was "reasonably satisfactory." Properties showed a moderate fall in value reflecting the continuing difficulties in that market.

Total assets suffered a reduction from the repayment of the Swiss Franc Loan but the overseas portfolio benefited significantly from the rise in the dollar premium from 27 to 72½ per cent.

Meeting, Edinburgh on June 16 at 12.30 p.m.

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See Lex

British Investment

Some increase in dividends can be expected in the coming year and the property subsidiaries will benefit from the lifting of commercial rent controls, state the directors of The British Investment Trust.

They believe the dividend rate can be maintained, although it may be difficult to achieve any overall increase in earnings.

Chairman's statement Page 13

£4m. orders for Crane Fruehauf

The strategies pursued by Crane Fruehauf in recent years, first of strengthening and developing management and, secondly, of diversifying the group's activities, will enable the company "to ride out the storm better than most," says Mr. L. H. Allwood, chairman, in his annual review.

But whatever happens, 1975 will be a hard and difficult year, he he adds.

In the first quarter of the current year orders worth nearly £4m. have been secured, including significant contracts from Hungary, Iran and Kuwait.

Mr. Allwood says that the sudden transition from expansion to contraction has necessitated a complete revision of the corporate plan. The overriding objective has become the maintenance of the fabric of the company and the conservation of cash resources and shareholders' funds. Economies have been effected wherever possible.

A project for the construction of a new parts distribution centre involving the expenditure of £1m. has been abandoned and instead, the manufacture of vans at North Pickenham has been moved to North Walsham and the factory at North Pickenham converted to serve this purpose.

The administration of the two factories at South Green and Toftwood has been streamlined and amalgamated into one Division with a consequent reduction in the number of staff employed.

He says that the Board took early action to counter the expected fall in the domestic market and so the gloom "is not entirely unrelieved."

Referring to the U.K., Mr. Allwood says that the success of the ancillary activities cannot completely compensate for the almost total destriction of the home market for trailers—the backbone of the business.

As reported on March 25, pretax operating profit increased from £1.73m. to £1.95m. for the year to December 28, 1974. Dividends are up from 0.7587p to 0.851p net.

Fixed assets are shown to be £8.25m. (£8.11m.) and net current assets £4.51m. (£1.8m.).

Meeting, Connaught Rooms, W.C., on June 12 at noon.

STANLEY GIBBONS GOES INTO ANTIQUE MAPS

Stanley Gibbons, is extending into another collecting field—antique maps. Mapsellers, a new company, will begin trading from 37, Southampton Street, London on June 3. It will deal in old maps, sea charts and atlases from 1450-1850.

The bulk of the individual old maps dealt in will be priced from a few pounds up to items in the thousands, while the old atlases, which have been realising prices up to £30,000, will also be stocked by Mapsellers.

Harland's loss cut to £16.7m.

THE LOSS on work carried out by shipbuilders and engineers Harland and Wolff of Belfast was £15.05m. in 1974 compared with £7.98m. previously.

After depreciation of £1.43m. against £1.13m., interest receivable less payable of £2.49m. against £1.78m., shipbuilding grants of £705,000 against £840,000, and a reduction in the addition to the provision for estimated prospective losses from £26.53m. to £3.44m., the total loss for the year is down from £33.01m. to £16.71m.

The Government has announced its intention to acquire all the Ordinary and Preference stock not already owned by it and the accounts have been prepared on a going concern basis on the assumption that these arrangements will be implemented in due course.

The costs incurred in connection with the cancellation of three shipbuilding contracts during 1974 have been written off as part of the loss on work carried out. The loss which would have been incurred had these contracts been completed would have been considerably in excess of the costs written off.

On the provision for estimated prospective losses, the directors state that it has now been accepted that the existing order book will have to be completed without any significant increase in the labour force and that the attainment of substantially improved productivity will take longer than previously anticipated.

Despite the cancellation of three shipbuilding contracts during 1974, these factors have had the effect of deferring completion of contracts into later cost periods more adversely affected by inflation.

The lower level of activity also increases unit production cost because of the heavy overheads inseparable from the operation of the yard. It has therefore been necessary to increase the provision of £38m. at December 3, 1973, by approximately a further £21m. in respect of possible additional losses, although every effort is being made to ensure that these further losses are kept to a minimum.

Uncertainties still exist regarding the rate of inflation and the attainment of substantially improved productivity. The directors believe however they have made the best assessment they can under these circumstances.

The arrears of preference stock dividend to December 31, 1974, amount to £606,000 excluding related tax credit.

W'hampton & Dudley up so far

Reporting a rise in taxable profits from £1.79m. to £1.84m. for the half year to March 31, 1975, the chairman of Wolverhampton and Dudley Breweries, Mr. E. J. Thompson, says there are reasonable grounds for forecasting that full year profits will show some improvement on the £3.42m. of 1973-74.

In spite of price increases granted on January 20, sales have continued to rise and business is very satisfactory, he tells members. However, the impact of higher duties imposed in the April Budget has yet to be assessed and the general economic situation "still gives cause for concern."

The interim dividend is 1.3p (1.34p) net or 2p (same) gross. Last year's net final was 3.035p.

	Half year 1974-75	1973-74
	£000	£000
Turnover	12,654	10 051
Less VAT	898	865
Leaving	11 756	9.186
Profit before tax	1,838	1,792
Taxation	956	932
Net profit	882	860
Preference div.	2.423	2.331
Ordinary	323	320

Mr. Thompson says that the capital investment programme continues, the bottling hall project and the building and modernisation of public houses are proceeding according to plan and two houses have been opened since the annual meeting. The barely drying and bulk handling plant at Langley Maltings and the storage bins and plant at Lichfield Maltings will be ready for this season's harvest.

M & S plans to keep strong liquidity

IN HIS annual statement, the chairman of Marks and Spencer, Sir Marcus Sieff tells members that the Board has decided to spread the development programme at home over a longer period so that the company's liquid position should remain strong.

Nevertheless in the forthcoming year the company will add over 200,000 square feet of new selling space at home. A further 13 stores will be rebuilt and extended. Also 100,000 square feet will be opened abroad, making a total of 300,000 square feet of selling space overseas by March 1976.

In 1974-75 the building programme at home and abroad added 330 000 square feet to selling space. In Britain the sales area increased by 223,000 square feet to 5.71m. square feet including four new and 13 extended stores.

As reported on April 11, taxable profits for the year to March 31, 1975 expanded from £76.83m. to £81.86m. and the dividend is 6.4744p (5.8593p) net.

A summary of results adjusted for inflation shows turnover at £787.2m. (£736.46m.) on a CPP basis compared with £721.88m. (£571.65m.) historical and taxable profits on a CPP basis of £82.71m. (£92.4m.).

Sir Marcus states that the use of the index of retail prices to arrive at the figures gives only a rough and ready guide to the effect of inflation. An increase in profit of 6½ per cent. cannot compensate for an annual rate of inflation of over 20 per cent., he says. When operating results are measured against those for the preceding year, adjusted for inflation to bring them up to 1975 values, it is clear that the statutory reduction in margins has caused the company's profitability to decline, in real terms, by over 10 per cent., he declares.

A statement of sources and application of funds shows cash and short-term deposits of £20.13m. (£18.46m.) at the year-end.

Exports increased by 58 per cent. to £21.44m. during the year. Most of the exports were to retail customers in some 40 countries. "This spread is valuable at a time of worldwide recession and import cut-backs, as in Australia where new quotas have severely restricted our exports," says the chairman.

Sales of St. Michael Shops of Canada show a substantial increase over last year. There are now 18 branches and additional sites will be developed, enabling a "significant" chain of Marks and Spencer stores to be built up. Because of the high cost of setting up this new business, the level of profit earned so far is low but, with an improved range and new stores, progress both in sales and profits should be made in the next 12 months.

The Paris and Brussels stores opened on February 25 and March 24 respectively and in the autumn trading will start in Lyons.

Sir Marcus reveals that the company reduced its consumption of gas and electricity by over 15 per cent. during the year. This saved £500,000 on estimated energy costs.

Meeting, The Dorchester Hotel, on July 3 at 11.30 a.m.

M. Gleeson look to second half

FIRST HALF turnover of M. J. Gleeson (Contractors) increased from £18m. to £20m., while profit fell from £550,000 to £412,000, subject to tax of £225,000 (£300,000).

The directors are hopefull that figures for the current half year will show an improvement, leading to a "satisfactory overall result" for the year to June 30, 1975. Last year's pre-tax profit was £701,428.

The order book position remains satisfactory and should give the group a good chance of maintaining current turnover levels during the year commencing July 1, 1975.

But having regard to the uncertain economic outlook and the possibility of restrictions in public expenditure, a cautious view of the short-term prospects for the industry must be taken.

The interim dividend is stepped up from 0.5170725p to 0.56434p net. Last year's total was 1.3090725p.

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Amal Metal—Cons Tin downturn

THE REDUCTION in first quarter pre-tax profit of Amalgamated Metal Corporation turns out to be from £2.49m. to £1.08m. The figure for the year 1974—an exceptionally favourable one in terms of trading opportunities and business activities generally —was £9.3m.

It is pointed out that the first three months' results include substantial investment income, previously received in the second quarter.

Earnings per £1 decreased from 24.5p to 11.1p, or from 25.3p to 7.1p after extraordinary items.

Turnover for the quarter was £135m. (£142m.—£683m. for year).

	Three mths. 1975	Three mths. 1974	Year 1974
	£000	£000	£000
Profit before tax	1,080	2,490	9,309
Taxation	710	1,130	4,048
	370	1,360	5,261
Minority loss	250	—	*382
Extraordinary debits	220	*40	1,614
Net profit	400	1,400	3,265

* Profit.

The tax charge is comparatively high due to losses incurred by the Swiss trading subsidiary; appropriate action was taken to correct the situation. Despite the loss and excluding investment income, profit before tax was ahead of 1973, a more meaningful comparison than 1974.

The extraordinary item of £220,000 relates entirely to exchange differences arising on assets held by subsidiaries abroad. Subsequently this loss has been recovered due to the fall in the value of sterling.

Negotiations regarding the disposal of part of the group's investment in Aluminium Bahrain have been discontinued, but there is a possibility that they will be resumed at a future date, it is stated.

Consolidated Tin Smelters reports first quarter turnover down from £157m. to £149m., and a decrease in pre-tax profit from £3.19m. to £1.86m., including investment income of £700,000 (£239,00). Profit for the year 1974 was £12.1m.

Earnings per £1 unit for the three months decreased from 23.2p to 10.5p. After extraordinary items they were 6.4p (18.8p).

Tax takes £1,000,000 (£1,494,000). After an extraordinary item £160,000 (£191,000), the net profits come out at £270,000 (£736,000).

The extraordinary item relates to exchange losses on assets held abroad, and this has since been recovered due to the fall in the value of sterling.

It is also announced that terms have been agreed for an offer to be made to the preference holders of Consolidated Tin under the scheme of arrangement for the merger of Amalgamated and Consolidated announced last month.

The new terms for the existing holding in CTS of each 4.9 per cent. non-cumulative preference stock unit of £1 are one new 5.4 per cent. cumulative preference share of £1 AMC. The CTS directors will be recommending preference holders to accept these terms. Under the arrangement Patino NV will have 50.2 per cent. of AMC.

CONSOLIDATED PLANTATIONS

The profit of Consolidated Plantations for the nine months to March 31, 1975 reported yesterday as £11.31m. (£7.28m.) should have been before replanting expenditure of £1.16m. (£840,000).

Increase at Hambros Investment

GROSS REVENUE for the year to March 31, 1975, of Hambros Investment Trust increased from £1.69m. to £1.93m.

After interest charges of £942,478 against £863,980, and tax of £348,039 compared with £250,439, net revenue advanced from £575,410 to £640,707.

Earnings per 25p "A" Ordinary share are shown to be up from 4.53p to 4.63p. The net asset value per share is given as 85.3p (109.9p) deducting prior charges at nominal value and 100.1p (125p) deducting prior charges at market value.

The Finance (No. 2) Bill at present before Parliament contains provisions which raise new points of law affecting the rights of shareholders having regard to the division of the company's share capital into "A" and "B" Ordinary shares.

The Board therefore propose to defer the holding of the AGM for 1975 and the announcement of the final dividend on the "A" Ordinary shares until the position under the Finance Bill has been clarified.

A further announcement will be made as soon as possible.

Stenhouse turns in £2m.

FOR THE six months to March 31, 1975 Stenhouse Holdings reports a profit before tax of £2.03m. against £2.26m. for the previous corresponding period.

Earnings per 25p share are shown at 3.22p (3.6p) before loss on realisation of investments and at 2.71p (3.6p) before extraordinary items.

An interim dividend payable in September will be declared on July 18. Last year's total was 3.125p from profits of £5.28m.

The directors say that the present U.K. economic outlook is such that last year's record profits are unlikely to be achieved.

The growing international content of the insurance broking activities is reflected in the increase in the total percentage of profit before tax deriving from overseas interests which has grown from 60 per cent. to 70 per cent. in the six months, they state.

This position is expected to be maintained during the remaining part of the current year.

The period has borne the financing costs of the purchase of Dominion Buildings by A. R. Stenhouse and Partners with effect from October 1, 1974 but the interest cost is expected to reduce during the remaining part of the current year. A charge for depreciation of that property has been included to conform with Canadian accounting requirements. The operating benefits of the proposed integration into Dominion Buildings of the existing three separate Stenhouse offices in London should begin to be reflected in 1976.

Increased profits were achieved by the jewellery and engineering divisions, the timberland shops and the textile knitting companies. Losses were incurred in the kitchen unit and the yarn crimping factories.

	Half year 1974-75	Half year 1973-74
	£000	£000
Turnover	93,000	72,500
Insurance broking	146,000	113,000
Attrib. Stenhouse	50,000	62,000
Industrial	43,000	10,500
Insurance broking	3,790	3,674
Attrib. Stenhouse	2,029	2,001
Indust. finance & other costs	923	216
Profit before tax	2,026	2,259
Taxation	1,029	1,154
Profit after tax	997	1,105
Loss realisation invs.	158	—
Extra-ord. credits	93	*389

* Debits.

● comment

The Stenhouse interim statement shows attributable insurance broking profits scarcely changed and industrial profits actually ahead by 11½ per cent. The crunch comes in the figure for "holding company finance and other costs," which has risen by 142 per cent. and effectively drops pre-tax profits by over 1[illegible] per cent. The profit comparisons are not strictly valid, however, due to the cost of financing the Dominion Buildings acquisition: after adjustments, analysts put the 1973-74 figure at around £4½m. and project an outcome for 1974-75 in the region of £5.15m. Certainly, in the second half the insurance broking side should improve, while on the industrial division there are still some £2½m. of assets making a below-par return. The yield of 6½ per cent. with the shares at 74p (down 8 last night), is understandably high for the sector.

Advance at Francis Sumner

TEXTILE, engineering, and offshore exploration services group Francis Sumner (Holdings) reports external sales up by 12 per cent. from £10.21m. to £12.69m. for 1974, and an increase of [illegible] per cent. in taxable profits from £833,2[illegible]2 to £906,595 after £433,9[illegible] against £423,732 for the first half.

The directors say that in view of what was "a quite difficult year" they consider the results to be reasonably satisfactory.

Earnings per 10p share are shown to be up from 2.18p to 2.23p and the dividend is lifted from 0.659p to the maximum permitted, 0.722p, with a final of 0.222p. A one-for-ten scrip issue is also recommended.

	1974	1973
	£	£
Group turnover	12,691,682	[illegible]
Trading profit	1,388,175	[illegible]
Depreciation	257,438	[illegible]
Net interest payable	175,142	[illegible]
Profit before tax	906,595	[illegible]
Taxation	448,984	[illegible]
Extraord. credits	48,797	[illegible]
Outside holders	12,730	[illegible]
Attributable	494,678	[illegible]
Interim dividend	89,764	[illegible]
Proposed final	44,681	[illegible]
To reserves	350,183	[illegible]

Members are told that group external sales for the first four months of 1975 are slightly up on the same period last year. The order position is down on last year's record figure, but is considered quite satisfactory [illegible]

MINING NEWS

Botswana-De Beers battle hots up

BY LESLIE PARKER, MINING EDITOR

THE LONG SAGA of the negotiations between De Beers and the Botswana Government, now in progress since last October, over the latter's demands for a greater share of the profits from the successful Orapa diamond operation has now apparently reached a critical stage Richard Rolfe reports from Johannesburg with the atmosphere described by one of the parties as "acrimonious."

The Government is currently receiving about 52 per cent. of profits based on a 15 per cent. equity stake and a complex series of taxes. It wants to raise its total receipts to a minimum 62 per cent. and a maximum 72 per cent. along the lines recently agreed between De Beers and the Lesotho Government for the development of the Letseng deposit in that country.

For Orapa De Beers feels that it has taken all the risks and is thus entitled to see the kind of reasonable return which was originally negotiated. Last October the Government was also claiming the right further to adjust the terms of the agreement "if and when circumstances change" to ensure that "any excessive profits will accrue to the state."

It is thus no wonder that De Beers is holding out for what Mr. Oppenheimer recently described as an "acceptable share of profits and at the same time maintain the existing structure of the diamond trade."

A complicating factor is that De Beers is simultaneously negotiating the terms on which the smaller DK1 pipe can be brought into production. Another influence is the failure of the struggling Selibi-Pikwe copper-nickel mine to come up to scratch. This has led to a shortfall in the Government's revenue projections, one that is likely to continue for quite a while yet.

The best hope of the Orapa problem being resolved, Rolfe says, is a compromise whereby the Government settles for a 35 per cent. shareholding possibly leading to a total tax and revenue package worth about 63 per cent. of profits. This should be satisfactory bearing in mind Arapa's rising production and better diamond recovery. Yesterday De Beers rose 5p to 310p.

DEELKRAAL

Holders of Gold Fields of South Africa are reminded that the offer of shares in Deelkraal Gold Mining closes on May 30. Yesterday Deelkraal rights rose 20p to 110p premium.

UM rings the Thierry bell

Belgium's Union Miniere, which is on the receiving end of a big cash flow in compensation money from the previously-owned copper complex in Zaire is emerging cautiously as a new force in the world mining exploration scene. And UM looks to have rung the bell resoundingly in one of its early ventures, that at the Thierry copper deposit in Ontario.

In Brussels yesterday the UM chairman, Mr. Paul-Emile Corbiau, recounted that ore reserves at this Canadian copper find, which is scheduled to reach production in the second half of next year, amount to a proven 12.5m. tons of ore grading an average 1.73 per cent. copper.

This is a relatively modest tonnage and grade, although it is sufficient to supply the ore concentrator for at least 10 years. But drilling has not reached the bottom of the deposit and Mr. Corbiau disclosed that the engineers are now studying a neighbouring geological structure where there is the possibility of much greater tonnages which could "significantly" extend the life of Thierry.

Though still unlikely to come into the major copper mine class, Thierry stands to become a money-spinner in the anticipated boom in copper prices which, many leading observers believe, could get under way next year. A 17.6 per cent. stake in the strongly financed UM is held by Tanganyika Concessions. Shares of the latter eased 4p to 206p yesterday in front of the results which are now expected to-day.

COMINCO SEEKS URANIUM

Canadian mining house Cominco, a Canadian Pacific subsidiary, has an option to acquire a 55 per cent. participating interest in a uranium prospect near Baker Lake in the North-West Territories in return for a $5m. expenditure on exploration. About $1m. has been committed for the first two years after which $0.4m. a year must be expended to maintain the option.

Previous probing of the property located a number of uranium occurrencies it is stated, three of which have been partially tested by drilling and have yielded significant values. If a feasibility study has not been completed after the initial $5m. has been spent Cominco has agreed to advance funds on a reducing percentage basis until the study is finished or a total of $12.5m. expended. The area covers 2,300 square miles.

The property is owned by Pan Ocean Oil as to 60.2 per cent., Petrobee 17.1 per cent., Dynamic Mining 14.1 per cent. and Lochiel Exploration 8.6 per cent.

UPS AND DOWNS OF TRONOH

The Malaysian tin-producing Tronoh Mines, in which Charter Consolidated has a 29.7 per cent. interest, has boosted 1974 net profits to £1.53m. from £0.42m. in 1973. As already announced, the past year's dividend total has been raised to 4.02p from 2.275p The 1974 earnings per share equal 14.9p compared with 4.1p in 1973.

The big producer enjoyed the best of both worlds last year with a higher tin price, which averaged $M1,136 per pical in Penang against $M685 per pical in 1973, coupled with tin concentrate production which rose to 3,077 tonnes from 2,748 tonnes.

In the current year, however, Tronoh's output has fallen to 895 tonnes for the past four months compared with 1,158 tonnes in the same period of 1974. The Penang metal price has been running at under $M1,000 per pical in the past four months. It was $M933 yesterday. Tronoh were unchanged at 93p.

Sungei Besi, in which Charter has an interest of 7.7 per cent. and Tronoh a stake of 25.7 per cent., reports a 1974-75 estimated net profit of £635,000 against £535,000 in the previous year

A second interim now declared of 3.88p makes a total U.K.-permitted 5.9957p for the year to March 31 against 5.5p for 1973-74. Sungei Besi were 83p yesterday.

MINING BRIEFS

LONDON TIN—Columbite output for Amalgamated Tin Mines of Nigeria for April (four weeks) 15 tonnes (March: four weeks: 10 tonnes).

BIDS AND DEALS

Paterson Zochonis gets Cussons

Paterson, Zochonis, the Manchester-based soaps and general merchanting company which operates mainly in West Africa, has won control of Cussons Group, the Imperial Leather soaps concern, in a deal worth more than £8.5m.

Mr. Simon Cussons, the chairman, whose family, with the directors, have over 50 per cent. of the voting shares, said last night "PZ have paid a good price for a good business. There is obviously a tinge of sadness, but I am sure that the company has a great future ahead of it."

Terms of the offer, which was revised upwards earlier this month, are: for holders of Cussons Ordinary shares one PZ share (valued at 415p) plus 890p in cash which works out at 81.5p per Cussons Ordinary share, an increase of 50p over the Cussons price immediately before the bid was announced in February. This represents an increase of 158.7 per cent.

For holders of Cussons "A" Ordinary the terms are one PZ Ordinary share plus 747p cash which works out at 72.8p per Cussons "A" Ordinary share, an increase of 44.1p over the price of these shares before the bid.

Accepting holders are also offered the option of receiving 385p cash per PZ share plus 890p and 747p respectively for their Ordinary and "A" Ordinary. This works out at 78.4p per Cussons Ordinary share and 69.5p per Cussons "A" Ordinary. Shareholders who have already accepted the original PZ offer will automatically be entitled to the improved terms and may if they wish accept the cash offer. The offers remain open until June 6.

Mr. J. B. Zochonis, chairman of Paterson Zochonis, said: "Our aim is to expand Cussons, particularly on the export and the overseas side, first of all in the markets which we know best and then we shall look to see where the strengths and opportunities lie."

Cussons has been given written assurances about the future of its 1,500 employees, and Mr. Simon Cussons is joining the PZ Board.

WARREN MERGER TALKS OFF

Talks which have been under way since March for a possiblie merger of James Warren, the frozen food, insurance broking, property and tea agents group, with Warren Tea Holdings, have ended without agreement.

It was said yesterday that extensive discussions had taken place between the Boards and their advisers. But, it was added, although a substantial measure of agreement had been reached on the basis for a merger, it had not proved possible, in present circumstances, to formulate proposals which could be recommended to shareholders.

James Waren has been advised in the talks by Gray Dawes and Warren Tea by Robert Fleming.

MYSON GROUP

Mr. R. E. Myson, chairman of the Myson Group, yesterday outlined his company's reasons for pressing on with its £2.6m. bid for Sealed Motor Construction despite SMC's recommendations of a rival offer by Adwest Group.

He said Myson considered that SMC's range of circulating pumps would fit very well into its own range of heating and ventilating products. The company was expanding rapidly abroad and would be able to take advantage of SMCs considerable outlets in Europe if the bid was successful.

Mr. Myson said the company had secured a seven-year £5m. loan from Barclays Bank at 3 per cent. above base rate "which should take care of our financial requirements in the anticipated future." So far this year profitability and sales were improving and margins for the first three months were better than the average for last year.

GREENING SAYS HOLD ON

Talks have now begun between Lazard Brothers, who are advising Johnson Firth Brown, and Samuel Montagu, who are acting for N. Greening and Sons, about JFB's offer of one JFB Ordinary share for every two Greening Ordinary which was made at the beginning of this month.

In a letter to stockholders Mr. C. G. Fraser, chairman of Greening, says that pending the outcome of these discussions the Board still considers the offer totally unacceptable and recommends shareholders to retain their their Greening shares until further advised by the directors.

WRIGHT BINDLEY

Wright Bindey and Gell has reiterated its opposition to the offer of an Ordinary 60p share made by PENTOS. WB and G says the offer is less than the present market value of its shares and values WB and G at a price earnings multiple of only 5.98. Also it values WB and G at a discount of over 40 per cent. of its net assets and that re-investment of the proceeds received under the offer might well reduce the income of shareholders.

TREMLETTS

Tremletts Holdings announces that the offers for the capital of Tremletts and Tower Assets other than the 96.6 per cent. already owned by Tremletts and its subsidiaries, have been accepted in respect of 5,176,341 Tremletts Ordinary (67.5 per cent.) and 52,212 Tower Ordinary shares. The offers have been extended and will remain open until June 4.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Preussag returns to the dividend list

BY GUY HAWTIN

FRANKFURT, May 22.

PREUSSAG, the Hanover-based metals and chemicals group, is to pay its first dividend since 1970. If management recommendations are accepted, shareholders will receive 7 per cent., or DM7 per DM100 nominal share, for 1974.

While 7 per cent. is no king's ransom, it comes as a welcome relief to shareholders who, despite soaring turnover, have endured three years of losses. Distributed profits of DM22.05m. match the 1970 figure, when the concern paid 7 per cent.

But although last year was a generally successful one with net profits of DM63.05m. on a total group turnover of DM3.13bn. and group external sales of DM2.65bn., the 1975 outlook is rather more bleak. In line with other leading German companies, Preussag has experienced a substantial down-turn in overall demand which is expected adversely to affect earnings.

In the first quarter of the current year external sales stood at DM593.9m.—off 8.1 per cent. compared with the same period of last year. The construction sector was badly hit and there were also losses in the coal mining area.

Falling demand for aluminium has resulted in further cutbacks and losses for the concern's operations in this area. According to Preussag's chief executive, Dr. Guenther Sassmannshausen, first quarter turnover of Preussag's Kapal group (Kaiser-Preussag Aluminium at DM116.2m. fell some 18 per cent. below the figures for the first three months of 1974.

Lead and zinc operations were depressed by the "unchanged recessive economic situation" and there were small prospects of an early improvement in the situation.

Compared with the first quarter of 1974, turnover in the first three months of the current year showed a heavy decline. Total turnover was down 25.7 per cent. to DM238.3m. while external sales dropped 24.1 per cent. to DM190m. Volume turnover for lead and zinc was below the level of the first quarter of 1974.

Developments, however, in the oil and chemicals sectors had been good, while performance could have been worse in the heavy and precious metals sectors and transport. All things considered, stated the executive board, the first quarter's developments were "positive."

Whatever the outcome, performance is unlikely to equal that of the previous year when total group turnover rose by 15.7 per cent. from DM2.7bn. to DM3.13bn. and external sales were 15 per cent. up from DM2.3bn. to DM2.65bn.

In the metal sector, a marked upward surge in demand for lead, zinc and aluminium was noted during the first half with a strong speculative interest in lead and zinc. However, in the second half demand and prices fell as the industrial downturn gradually took effect.

There was also a good performance in the oil and chemicals sector, while there were improvements in the energy branch. Results in the transport sector were mixed while there were losses in the coal and construction divisions.

Preussag share dropped DM6.0 on the Frankfurt Stock Exchange to-day to DM146.

Setback for Orenstein

BY JONATHAN CARR

BONN, May 22.

ORENSTEIN UND KOPPEL, the Dortmund-based engineering and shipbuilding concern, reports net profit down to DM6.6m. in 1974, against DM10.1m. in the previous year, and is proposing dropping i's dividend from 14 to 10 per cent. A total of DM0.8m. is being added to reserves, against DM2.4m. in 1973.

The result is very much as expected, for a recent shareholders' letter had drawn attention to a disproportionate rise in personnel costs last year coupled with sharp increases in raw material prices. The company had not been able to pass on these rises, drawing particular attention to the need to hold prices firm in the increasingly important export sector. Sales of the parent company rose by 4 per cent. last year for a total of DM691m. Export growth was wholly responsible for this result, and the company's export ratio now totals 48 per cent. of total sales against 42 per cent. in 1973.

The company expects this year's results to be similar to those of last year, with another 4 per cent. rise in turnover to around DM700m. Orders in hand at the end of April stood at DM890m. Orenstein und Koppel *rejects rumours that Arab interests have bought into the company—rumours which arose when the steel concern Hoesch* reduced its holding in the company earlier this year from 57.1 per cent. to 50 per cent. It is not clear in whose hands the share package now lies.

BMW gets off to a flying start

BY NICHOLAS COLCHESTER

BONN, May 22.

THE SALES of Bayerische Motoren Werke, BMW, have been excellent in the first third of 1975 with the overall flow of orders up by 58 per cent., in unit terms, on the equivalent figure for 1974, and up by 39 per cent. on the less crisis-ridden first third of 1973.

Revealing this at a Press conference in Munich, the company's chairman, Herr Eberhard Von Kuenheim, added that the cost problem had not been fully overcome and that earnings for the year would be between 1974's DM42m. and the DM93.2m. reported for 1973.

BMW's performance has been due to "very happy" business both at home and abroad. In West Germany, where the whole car market has picked up notably, BMW has done particularly well, increasing its market share from 4.8 per cent. in the first four months of 1974 to 6 per cent. in 1975. Inland orders for this period were up by no less than 85 per cent. on those in 1974, while registrations rose 51 per cent. against the 21 per cent. increase registered by the car industry as a whole.

Abroad, where BMW tries to sell roughly one half of its cars, the unit order figure was up by 33 per cent. The chairman said that the British market had collapsed in 1974 and remained "extraordinarily critical" in 1975. Last year BMW sold between 7,000 and 8,000 cars there. In America where BMW sold between 15,000 and 16,000 cars last year, the company has just taken control of its marketing system and the chairman said it was too early to gauge the results of this move.

The company has obviously been taken by surprise at the strength of the sales so far this year and has upgraded its investment plans as a result. Where in February the chairman was talking of investment this year of DM150m., he is now thinking of between DM180m. and DM200m. The company is also hiring workers at the moment.

All in all Herr von Kuenheim expects BMW to make some 210,000 cars this year against its record to date of 197,400 in 1973 and 189,000 last year. The company's motor cycle factory in West Berlin will continue to operate at full stretch, producing some 25,000 units this year.

Slowdown at Schering

BY JONATHAN CARR

BONN, May 22.

SCHERING, THE West Berlin based pharmaceuticals and chemicals concern, reports sales and net profit up in 1974—but has seen a fallback in turnover growth in major areas of activity in the first four months of this year.

Sales of the Schering group including overseas subsidiaries rose last year by 15.2 per cent. to DM1.7bn. while those of the parent company alone rose 15.7 per cent. to DM1.06bn. This represents substantial growth in real terms since last year's price increases averaged 8.6 per cent. After a fallback of four per cent. in net profit in 1973, last year saw an increase here from DM49m. to DM54m. of which DM10m. is being added to reserves. An unchanged 20 per cent. dividend will be proposed to the annual meeting next month along with a capital increase of DM20m. to DM218m.

Group sales for the first four months of 1975 are up by only 1.2 per cent. while those of the parent company rose by four per cent.—based on a fallback in home sales of 0.5 per cent. and a growth in exports of 6.8 per cent.

Beyond its normal investment plans for this year, Schering is also giving active consideration to the possibility of securing a production base for its chemical products in the United States. No details were revealed of the possible size of this undertaking.

Maserati to close down

By Tony Robinson

ROME, May 22.

MASERATI, one of the great names in Italian luxury cars, has decided to go into voluntary liquidation following losses which exceeded its entire share capital last year and what it termed the entirely negative future for this kind of vehicle. The French automobile company Citroen bought control of Maserati for a reportedly L1bn. in 1969—a move dictated by the decision to place a high powered Maserati engine in the luxury Citroen SM model.

Closure of Maserati's Modena factory means unemployment for 900 skilled workers in an area already hard hit by the recession which is bearing hardest on the small and medium companies which predominate in this area. Capacity at the Modena plant was ten cars and some 120 engines monthly. But sluggish sales of both Maserati and Citroen SM models have led to short time working for months, although stocks of unsold vehicles have continued to rise. Similar difficulties are reported by Lamborghini, Ferrari, in which Fiat has a 50 per cent. stake, and Fiats' own luxury saloon the Fiat 130.

Lower down the market range, however, Fiat reports a slight pick up from earlier depressed levels but top Fiat executive Nicola Toffareli stated in a recent Press interview that Fiat is producing 6,100 cars a day and selling only 5,000, adding that Fiat expects to halt production of most models for another 20 days before the end of this year to keep stocks down.

Ciga Hotels L3.74bn. loss

By Tony Robinson

ROME, May 22.

CIGA HOTELS, the luxury hotel subsidiary of the Societa Generale Immobiliare group, reports a 1974 loss of L3.74bn. This has brought accumulated losses beyond the one third of capital mark. Under Italian law a company has to write down its capital at this stage.

Under these conditions the Ciga Board proposes to write down its present L10.8bn. capital to L7.02bn. and raise it again to L10.53bn. through the issue of new L1bn. shares on a one-for-two basis at the price of L1,350 each.

Mr. Rosenbaum posts bail

By David Egli

GENEVA, May 22.

THE MANAGING DIRECTOR of the International Credit Bank, Mr. Tibor Rosenbaum — also the major shareholder — has been released from a Geneva prison after posting bail of Sw.Frs.5m. — equivalent to about £867,000. Earlier this month he had been remanded on charges of criminal mismanagement related to a complaint filed by Baron Edmond de Rothschild on behalf of the Israel Corporation.

In the meantime the International Credit Bank (I.C.B.), which was granted a payments moratorium last November and is understood to have excess liabilities amounting to some Sw.Frs.350m., is understood to have proposed an immediate, partial settlement with creditors on a basis which would favour small depositors.

Credit accounts of up to Frs. 5,000 held by the bank would, according to this scheme, be repaid fully, thus satisfying 63 per cent. of the outstanding creditors. Accounts of larger amounts would be paid an initial Frs. 5,000 plus 12 per cent. of the outstanding amount.

The balance of up to 50 per cent. of depositors would be payable at a later date to the extent that the bank is able to realise certain illiquid assets including the real estate south of Rome.

Tiger banks on leasing

By David Curry

BRUSSELS, May 22.

THE FIRST QUARTER results of Tiger International show that the group is improving its position after the severe decline in profits last year which it blames primarily on oil price increases.

Revenue was up 23 per cent. on the same quarter last year to $88.68m., while net income was 5 per cent. higher at $2.63m., yielding fully diluted earnings per share of 21 cents against 20.

Flying Tiger Line, the group's air cargo subsidiary—claimed to be the largest in the world—contributed 51 per cent. of revenue but was still losing money. Its loss in 1975 was $1.5m., against $1.9m. for the first quarter of 1974. The improvement reflects increases in tariffs which have offset higher fuel costs and an overall decline in revenue ton miles. The second major arm of the company, the international leasing business, earned a net $4.4m. in the quarter, almost identical to last year's performance.

Last year the group's net profit was $15m., against $34.5m. the previous year. The percentage of revenue devoted to purchase of aircraft fuel doubled in 1974 to more than 13 per cent.

Speaking in Brussels yesterday, the company's president, Mr. Wayne Hoffmann, indicated that the group saw the European leasing business as one of the most important growth sectors in the company. Starting from scratch in 1971, the group now has in this sector some $55m. in assets in Europe. The most important area had been computers, and more than half of the company's world-wide computer leasing revenue was expected to come from Europe this year.

A total European expansion of some $10-15m. a year in leasing assets is foreseen.

Higher costs limit Creditbank

BY DAVID CURRY

BRUSSELS, May 22.

IN A year marked by severe restraint in credit growth in the service of the Government's anti-inflationary policy, Belgium's third largest bank, Creditbank, showed a 21.5 per cent. increase in gross income to B.Frs.8.1bn. (about £98m.). However, nearly 90 per cent. of this increase was absorbed by higher overheads, notably a 26 per cent. increase in wage costs.

After deducting depreciation of some B.Frs.860m., the final surplus in the profit and loss account is shown at B.Frs.950.5m. an 11.5 per cent. advance on the previous year. The Board is proposing to pay a net B.Frs.245 dividend per share, up from B.Frs.225, and is also recommending appropriations of profit which will increase stockholders' funds to B.Frs.7.40bn.

The bank, which is one of the leading Flemish standard-bearers in the financial field, had a balance-sheet total at the end of the financial year which closed on March 31 of B.Frs.207.1bn. (£2.5bn.), some 14.3 per cent. ahead of the previous year. Working capital was nearly 15 per cent. higher at B.Frs.24.2bn. with a 13.6 per cent. increase included under this item in deposits and creditor accounts.

The outstanding total of medium-term bonds placed reached B.Frs.7.8bn., against B.Frs.6.1bn., while balances due to banks—mainly the foreign exchange balances of banking correspondents—represented the equivalent of B.Frs.50.4bn., or 16.5 per cent. higher.

The company notes that the development of Belgian franc deposits was "satisfactory" in the light of the general economic circumstances and the drain on company and individual liquidity.

Reinvestments were B.Frs. 12bn. or 22 per cent. higher at B.Frs.66.6bn., representing credit granted to companies and individuals and financed by the bank itself, the steepest increase being among trade bills in portfolio at B.Frs.31.9bn.

Bankhaus Metzler gains

BY GUY HAWTIN

FRANKFURT, May 22.

A LEADING Frankfurt private bank marked its 300th anniversary with a substantial increase in its balance sheet total and business volume, as well as a satisfactory rise in profits.

B. Metzler Seel. Sohn and Co.—founded here in 1674—reported that its balance sheet total has increased from 1973's DM504m. to DM527M. Business volume rose from the previous year's DM 572m. to DM610m.

While as a family-owned bank it is traditionally coy about revealing its profit figures, the senior partner Dr. Gustav von Metzler pronounced them satisfactory. Operating profits showed an increase of between 10 and 20 per cent., he said, adding that there had been a strong impetus for this from the strong performance of the previous year. All tax allowances to strengthen reserves had been taken, he said.

Credit business was fairly quiet during 1974 according to the partners. Book credit declined somewhat to DM138m. compared with DM153m. the year before. But the credit volume in total rose from DM264m. in 1973 to DM281m. in 1974. It was stated that this year there has been a slight fall in the demand for credit.

Unlike so many other private banks, Bankhaus Metzler, which counts Herr Karl - Oskar Koenings, president of the Frankfurt Stock Exchange, among its five partners, experienced no withdrawal of customers' deposits as a result of the Herstatt debacle.

Rhone-Poulene cuts spending

BY RAY DAFTER

RHONE-POULENC is cutting its investment programme this year from the intended Frs.2.4bn. to Frs.1.9bn.

M. Roland Rieutort, director-general of the petrochemicals division, said that the cut-back would be achieved mainly through delaying projects. It did reflect, however, the generally cautious attitude to current trading conditions.

Plants are now operating at between 20 and 50 per cent. below full capacity, depending on the product. Textiles and plastics had been particularly badly hit although the agrochemicals and fertilisers businesses were not as buoyant as hoped.

Although it was hoped that there would be a recovery in demand later in the year there was no sign of this upturn at the consumer level so far. Consequently, the general economic recovery might not come until the first quarter of next year.

Figures disclosed yesterday show that income from its portfolio interests, rents, licences and interests amounted to Frs.90.5m. in the first quarter as against Frs.66.1m.

M. Rieutort said that in spite of the cut-backs in investment, the overall spending package would be on a similar basis to the past. Once again a sizeable proportion would be going overseas.

Rhone-Poulenc's turnover is split fairly evenly between domestic and overseas sales. Of the goods sold outside of France about half comes from local manufacture.

M. Rieutort said that it was his company's intention to concentrate on overseas expansion in economically-developed countries like the U.S., the U.K., Germany, Japan, South Africa and Australia. Although the company had investigated the possibility of being associated in manufacturing facilities in the Middle East oil producing countries it was not convinced of the economic justifications.

Nevertheless, in spite of its expanding overseas interests Rhone-Poulenc would continue to regard itself as a French company with international interests.

For example, it is among the companies currently involved in feasibility studies for new ethylene capacity in France. With British Petroleum—its partner in Naphtachimie—and Shell it is evaluating a 450,000 tonnes plant near Marseilles. A decision is expected before the end of the year.

Six groups are now known to be studying new ethylene plants in Grance. If all of these came to fruition there would be massive over-capacity. The current production capacity is about 2m. tonnes a year and the need is expected to rise to around 3m. tonnes by the early 1980's.

Among the other ethylene projects being considered is a 500,000 tons plant at Dunkirk (CdF): 450,000 tons at Le Verdon (Dow): 400,000 tons in the Alsace region (Enterprise Miniere et Chemique): 300,000 tons near Le Havre (French ATO Chimie and Dutch Akzo); and a 400,000 tons plant (Esso).

It is anticipated that only two of these six plants will be needed in the next few years.

VNU expects profit recovery

BY MICHAEL VAN OS

AMSTERDAM, May 22.

VNU, HOLLAND'S leading publishing company, saw its net profits dip to Fls.20m. in 1974 from Fls.24.2m. the year before. Third-party sales (excluding value-added tax) rose, however, by 14 per cent. to Fls.796m., according to the annual report.

Speaking on the publication of the annual report in Haarlem to-day, VNU chairman Mr. E. Bloembergen said that the results were expected to improve again this year, probably to the level of 1973. Sales would total around Fls.950m. while the return on equity, it was hoped, would be lifted to about 9.5 per cent. a year (compared with 8 per cent. in 1974).

The VNU report said that in view of the incidental character of the setbacks in 1974—particularly the rising paper price coupled with the inability to pass on increased costs without substantial delays, the recession affecting advertising revenue towards the year-end and some start-up losses on new ventures—it is proposed to pay an unchanged total dividend of Fls.4.20 per ordinary share of Fls.20. An interim dividend of Fl.2 has already been paid.

Mr. Bloembergen said the group was pursuing its policy of cautiously expanding its foreign activities. this year—VNU is a leading publisher in Belgium, while it is also quite active in Britain, Germany and France. Just under a quarter of the total sales were now achieved abroad. But plans to raise the percentage to 40 per cent. by 1978-79 had been put back by some 3 to 4 years in view of the growing uncertainties abroad, too. As regards foreign investment, the emphasis would be on larger projects such as encyclopaedias and in partnership with other companies.

VNU management board member Dr. P. Emondts said acquisitions, which had totalled Fls.20m. last year, pushed up that year's sales by Fls.23m. and profits by Fls.1.8m. Out of the total sales rise of 14 per cent., 11 per cent. represented volume growth.

As far as the situation so far this year was concerned, beneficial developments such as the relatively modest rise in paper prices and lower interest rates were being about offset by setbacks such as the disappointing advertising revenue, he added.

Of VNU's liquidity and financing position—bank loans totalled Fls.50m. against liquid assets of Fls.20m.—Dr. Emondts said that the company had privately placed a Fls.40m. loan recently while it was intended to float a bond loan of around Fls.50m. next month. This would consolidate banking credit, while VNU would have further funds available to finance expansion, diversification and internationalisation. After these transactions, the financing position would be such that there would be an equity base of about Fls.260m. and long-term debts totalling about Fls.120m.

Brazil airline bid battle

BY DAVID WHITE

RIO DE JANEIRO, May 22.

TORTUOUS NEGOTIATIONS over the future of Brazil's airlines have taken a new turn with the two major companies apparently in open competition for the takeover of the number three, Cruzeiro Do Sul.

Varig, Brazil's main international carrier, is reported to be bidding for Cruzeiro, which for several months has been discussing a merger with the Sao Paulo-based operator VASP. A fourth operator, Transbrasil, which like Cruzeiro has been in severe financial straits since last year, has opted out of merger discussions with either Varig or VASP.

A plan to merge Transbrasil with Cruzeiro fell through at the end of last month when a hoped-for private partner, an air taxi company, withdrew from the negotiations. It was then assumed that Transbrasil would either try to continue on its own, be absorbed by Varig or merge with both VASP and Cruzeiro. The Government was believed to favour the last formula, since a two-company system would simplify the division of the market.

Under a system of Varig plus the rest, Varig would have held 90 per cent. of the international routes, and 32 per cent. of the domestic routes, which are considered the least profitable. According to VASP, the airlines were operating in the first quarter of this year at barely half capacity. Domestic flights have since been trimmed down by about 15 per cent. in order to reduce losses.

The president of VASP, Sr. Flavio Musa, said that he believed the government would not accept a takeover of Cruzeiro by Varig, "which would inevitably lead to a monopoly in Brazilian civil aviation and nationalisation in the sector."

Taking over Cruzeiro, which runs profitable routes to neighbouring South American countries, would give Varig virtual control of the international market, and doubts have been raised as to whether the Sao Paulo airline could survive in the circumstances.

Gould to raise $20m.

BY MARY CAMPBELL

THE U.S. company Gould is to borrow $20m. on the Eurobond market. The issue, for which Kidder Peabody International and Goldman Sachs International are joint lead managers, reaches final maturity in 1983 and has an average life of 6.98 years. Indicated coupon is 9½ per cent. Gould is rated single-A by Moody's and treble-B by Standard and Poor's.

The vehicle for the issue will be Gould's Delaware subsidiary, Gould International. The ratio of long-term debt to equity of the subsidiary is 1.17-to-1 and the ratio of total debt to equity is less than two-to-one.

The equity capital of Gould International has been raised from $8m. to $38m. as a result of the transfer of ownership to the Delaware company of some of Gould's non-U.S. interests.

The significance of the debt to equity ratio derives from revised rulings by the U.S. Internal Revenue Service on U.S. withholding tax on interest paid to non-U.S. residents by the so-called "finance subsidiaries" of U.S. corporations. Although the position has yet to be legally tested, U.S. lawyers appear to be taking the view that no liability will arise if the debt to equity ratio of the borrowing company is less than two to one.

The transfer of ownership of some of Gould's non-U.S. operations to the Delaware company may also be viewed as reinforcing the latter's status as an operating company in its own right. Such status is seen as another criterion in the withholding tax question.

*

The European Investment Bank has made two loans totalling Lire 48.5bn. (about $80m.) to Italy to help finance extension of telecommunications networks in Veneto and Trentino—Alto Adige and construction of the "Tunnels Motorway" in Northern Italy. Interest rate will be 9½ per cent. One of the loans is for 12 years and the other for 15 years.

Electrolux sales still climbing

By William Dullforce

STOCKHOLM, May 22.

AFTER A 14 per cent. climb in sales in the first quarter compared with the corresponding period last year, Electrolux, the Swedish domestic appliance and industrial cleaner concern, reports a further turnover jump in April, when invoiced sales were 25 per cent. higher than in April, 1974. If sales by National Union Electric Corporation (NUE), the American company acquired by Electrolux on July 1 last year are added, the turnover increase in the first three months was 26 per cent.

Mr. Goesta Bystedt, the managing director, forecast at the annual general meeting yesterday that the turnover increase and the "few per cent" profit growth during the first quarter would be improved on in the final 1975 result, but he reiterated an earlier warning that "some uncertainty" was still attached to the 1975 target of 15 per cent. profit growth. A price freeze in Sweden and price controls in other countries were holding back the concern's earnings growth and the full effect of the stimulatory measures taken by governments would not be felt until towards the end of the year.

The weakening of the dollar in relation to the Swedish Krona had reduced the immediate chances of marketing the Swedish factories' products through the NUE American sales network but acquisition of the U.S. company had already given tangible economic results in the shape of lower purchase costs and more effective manufacturing methods on both sides.

The annual general meeting approved an increase in share capital by Kr.124.8m. to Kr.748.8m. by a one-for-five bonus issue and a new issue of 384,000 shares at a nominal value of Kr.19.2m. subscribed by the Investor investment company at a price of Kr.40m.

Juvena, Lovida reorganisation expected

By John Wicks

ZURICH, May 22.

A BOARD meeting of the Swiss-based cosmetics concern Juvena is to be held on Monday at which it is believed the relationship between Juvena Holding, and the affiliated company Lovida will be discussed.

Lovida, itself controlled by the Juvena group's founder E. G. Locher, owns a majority of voting rights in Juvena Holding, as well as being the direct parent company for a number of group subsidiaries including Juvena (Great Britain) and the French company Juvena Produits de Beaute. Lovida, which traditionally holds group companies until they enter into profitability—when they are transferred to Juvena Holding—also have the licence and trade-mark rights.

Mr. Locher told me to-day that a communique would be issued after the board meeting. He declined to comment on a statement in the "Schweizerische Handels-zeitung" that a financial separation was intended between Juvena Holding and Lovida and that it was doubtful whether a dividend payment would be able to be made for the Juvena Holding business year to end on June 30.

Last year, Mr. Locher had estimated consolidated group sales for the calendar year 1974 of almost Sw.Fr.100m., as compared with Sw.Fr.85.1m. for the previous year. The Juvena Holding dividend for the year ended June 30 last was Sw.Fr.36 gross on bearer shares, Sw.Fr.18 per registered share and Sw.Fr.36.0 per participation certificate.

Karstadt to raise capital

ESSEN, May 22.

KARSTADT SAID it plans to raise capital by DM60m. to DM360m. through a one-for-five issue of DM50 nominal shares at DM75.

The new shares will rank for dividend from January 1, 1975. The company has already announced the conversion of DM75m. preference shares into 75m. nominal of Ordinary shares.

It has proposed a same again dividend of DM10 for 1974. Net profit rose to DM120m. (DM106m.).

Reuter

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	95½	99½
Ashland 8pc 1987	92½	93½
Australasian 8pc 1987	90½	91½
BFCE 9pc 1989	96½	98½
Barclaycard 8½pc 1989	95½	96½
Carrier 7pc 1987	89½	90½
Conoco 8pc 1986	90½	87½
Consol. Foods 7½pc 1991	85	86
Cutler Hammer 8pc 1987	92	93
EIB 9½pc 1985	100½	101½
Esso 8pc 1986 Nov.	97½	98
General Cable 8½pc 1987	89½	90½
General Motors 8½pc 1986	101½	102½
GTE 8½pc 1986	97½	98½
ICI 7½pc 1992	78	80
Natl. Grindlays 7½pc 1987	78	79
Pacific Light 9pc 1988	91½	92½
Prov. of Quebec 7½pc 1988	90	91
Quebec Hydro 8½pc 1989	99	100
Queensland 8½pc 1987	98½	99½
Scanraff 8½pc 1988	94	95
Shell 8pc 1986	93½	96½
Stand. Oil (Inc.) 8½pc '88	98½	100½
Tenneco 7½pc 1987	84½	85½
Transocean 8pc 1988	87	88
TRW 8½pc 1986	94½	95½
Utah 8pc 1987	94½	95½
Volvo 9½pc 1985	98½	99½
NOTES		
Air France 9½pc 1982	102½	103½
Australia Ind. 10½pc 1984	106	107
Barclays 7½pc 1975	99	100
Cie Natl. Rhon. 10pc 1982	104	105
Du Pont 7½pc 1978	100	101
Esso 7½pc 1975	100	101
General Motors 8½pc 1978	101½	102½
Marubeni 8½pc 1982	101½	102½
Nippon Fudosan 10½pc 1981	103½	104½
Stahlbouhliga Fl. 10½pc '81	104½	105½
Tenneco 7½pc 1983	96½	97½
Tokyo Curacao 10½pc 1981	104	105

Source: White Weld Securities

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	81	[illegible]
Ashland 5pc 1988	75	[illegible]
Beatrice Foods 4½pc 1992	86	[illegible]
Beatrice Foods 4½pc 1992	97½	[illegible]
Borden 5pc 1992	90	[illegible]
Broadway-Hale 4½pc 1987	71	[illegible]
Canon Camera 7pc 1989	94	[illegible]
Carnation 4pc 1987	92	[illegible]
Chevron 5pc 1988	93	[illegible]
Dart 4½pc 1987	87	[illegible]
Eastman Kodak 4½pc 1988	118	[illegible]
Economic Labs. 4½pc 1987	80	[illegible]
Fedal 7pc 1989	104	[illegible]
Ford 6pc 1986	80	[illegible]
Ford 5pc 1988	75	[illegible]
Fuji 8½pc 1985	113	[illegible]
General Electric 4½pc 1987	[illegible]	[illegible]
Gillette 4½pc 1987	[illegible]	[illegible]
Gould 5pc 1987	52	[illegible]
Halliburton 4½pc 1987	120	[illegible]
Harris 5pc 1992	67	[illegible]
Hitachi 8½pc 1984	104	[illegible]
Honeywell 6pc 1986	78	[illegible]
ITT 4½pc 1987	70	[illegible]
Komatsu 8½pc 1984	161	[illegible]
J. Ray McDermott 4½pc '87	122	[illegible]
Mitsui 8½pc 1989	160	[illegible]
J. P. Morgan 4½pc 1987	120	[illegible]
Motorola 4½pc 1983	125	[illegible]
Owens Illinois 4½pc 1987	[illegible]	[illegible]
J. C. Penney 4½pc 1987	[illegible]	[illegible]
Pioneer 8½pc 1989	114	[illegible]
Rank Selection 6½pc 1986	104	[illegible]
Rank 4½pc 1987	42	[illegible]
Revlon 4½pc 1987	102	[illegible]
Sperry Rand 4½pc 1987	95	[illegible]
Squibb 4½pc 1987	102	[illegible]
Toshiba 6½pc 1987	115	[illegible]
Union Carbide 4½pc 1982	110	[illegible]
Warner Lambert 4½pc 1987	97	[illegible]
Warner Lambert 4½pc 1988	84	[illegible]
Xerox 5pc 1988	75	[illegible]

Source: Kidder, Peabody Securities

FARMING AND RAW MATERIALS

Cocoa price support move

ABIDJAN, May 22.

A NUMBER of immediate measures to counter the present decline in world cocoa prices have been agreed by sales directors of member countries of the Alliance of Cocoa Producers, Ivory Coast Agriculture Ministry adviser Mamadou Toure said here to-day, reports Reuter.

Mr. Toure, speaking at the opening of a meeting here of cocoa producing countries to prepare for renegotiation of the International Cocoa Agreement, gave no details of the measures. He said the decisions were taken during two days of talks prior to to-day's meeting.

In London, trade sources said reports have been circulating of possible support steps being considered by producers, mainly revolving around ideas of a producers' stockpile of some 50,000 tonnes.

Our commodities staff writes: The Abidjan announcement gave a further fillip to an already-firm London cocoa market. The July position, which had already risen over £7 to about £474 a tonne when news of the producer moves came in, climbed to £480 a tonne helped by dealers covering earlier sales in London and New York.

Profit taking in both centres trimmed the gains and in London July cocoa ended £12.5 above Wednesday's close at £479 a tonne. However, a new upsurge in New York soon after the London market had closed took values to the permissible limit there.

Record tea levels in Bangladesh

By Our Asia Correspondent

PRODUCTION AND export earnings of Bangladesh tea last year reached record levels, according to official sources.

In the 1974-75 season Bangladesh grew 71.2m. lb. of tea, which earned Taka 157.2m. (about £8.7m.) in foreign exchange. The previous year production was 61.1m. lb. and export earnings about Taka 125m.

These results mean that although in many aspects of its economic life Bangladesh is faring worse than it did before independence, in tea it has surpassed its best previous performance.

Before independence East Bengal was growing about 65m. lb. of tea a year and earned between Rs.15m. and Rs.35m. in exports before all tea exports were banned in 1967-68. Foreign exchange earnings were erratic in Pakistan days because most of the tea went to the West Pakistan domestic market.

Bacon prices hit new peak but eggs fall again

BY PETER BULLEN

BACON WILL cost more in the shops next week but eggs will be cheaper following wholesale price changes announced yesterday.

A £20 a ton increase in first hand bacon prices lifted them to record high levels of £820 a ton for A1 Danish and £815 for comparable British, Irish and Ulster bacon. In the shops most of the increase is likely to be put on gammon joints and rashers with increases of 3p to 4p a pound.

A slight strengthening in consumer demand before the Bank Holiday week-end seems to have been the major justification for the rise plus the expected effects of changes in the EEC sluicegate price for imported bacon which has risen in the past two weeks to offset the weakness in sterling.

Although bacon traders fear that the high prices will lead to further consumer resistance, overall bacon sales have dropped from about 11,000 tons to 9,000 tons a week in the past two or three years, it is claimed higher returns from the bacon market are needed to prevent producers switching supplies to the more profitable pork market.

The cut in egg prices — 5p a dozen off large, 4p off medium and 3p off small is bound to spark off renewed protests by all sections of the egg industry, as it will mean the average producer will once again be making a loss on egg sales of several pence a dozen.

National Farmers' Union leaders will be raising the question with their French counterparts in Brussels this morning before a meeting in the afternoon of the eggs and poultry working committee of EEC farm organisations.

The price cuts were made against a background of a weak market which has been caused by an increase in home supplies and a marginal rise in French egg imports. Said the Eggs Authority yesterday: "At no time since the heavy deluge of imports in April has confidence fully returned to the U.K. market."

The Authority gave statistics that show French imports in the first quarter of 1975 of 161,000 boxes were 1,000 boxes higher than in the first quarter of 1974.

But Mr. Peter Kemp, managing director of the Goldenlay egg marketing consortium, pointed out last night that it was the timing of the French imports that had hit the U.K. market. The French imports had increased tremendously in April and early May and, above all, they were being "dumped and subsidised." EEC compensatory payments alone totalled over 2.25p a dozen, he said.

● In the Commons yesterday Mr. Fred Peart, Minister of Agriculture, told the Conservative shadow minister, Mr. Michael Jopling, not to be "too gloomy" after he had warned that egg prices might fall drastically in the next week or so. The market was often affected by talk and lack of confidence, said Mr. Peart.

He added that the French Government had completed necessary procedures to open up their market to U.K. egg exports. For the longer term, the Government had begun discussions with the industry about how present EEC egg support measures might be improved. But Mr. Robin Corbett, Labour, Hemel Hempstead, urged Mr. Peart to use his veto in Brussels "to protect British egg producers until the Community market has been kicked into some sense."

Agrochemicals costs threat

BY RAY DAFTER

THE MOUNTING costs of discovering and marketing new crop protection chemicals is likely to force some of the smaller companies out of business, according to a report on the agrochemicals industry published to-day.

On the other hand, the overall growth prospects for the industry —with a worldwide turnover of some £1.7bn.—are bright. In particular, the plant growth regulator sector, with sales last year of only £100m., is expected to become much more important as further new products are developed. At present there are only five products of significance in this sector.

These are some of the conclusions reached by the Wood Mackenzie group in its survey of the industry. Referring to the financial success of agrochemicals producers, the report estimates that typical profit margins are of the order of 25 per cent. "Indeed, it is likely that the industry's reluctance to disclose profit figures bears out this view."

Nevertheless, the market had become much more competitive. There was difficulty in meeting the increasingly stringent toxicological and environmental conditions being placed on the introduction of new agrochemicals—a problem compounded by the growing sophistication of residue-detecting methods.

"It is the mounting cost of this item which is the most critical factor governing the future of some of the smaller companies in the industry, particularly if the profitability of the existing business is such that a large research and development commitment is difficult to maintain."

The report emphasises the strength of European manufacturerers in the agrochemicals field. Although more than 40 companies could be identified as having significant agrochemical businesses, 10 accounted for more than 50 per cent. of the world market. Of these 10, no less than six were based in Europe (Bayer, Ciba-Geigy, the Shell Group, ICI, BASF, and Rhone-Poulenc) in spite of the fact that North America accounts for 45 per cent. of the world market.

Five of these "top ten" have interests in pharmaceuticals, a closely allied area of technology with a similar reputation of high risks and above-average profits. Wood Mackenzie says that it is advantageous having a foot in both agrochemicals and pharmaceuticals as there are related research, toxicological testing and manufacturing processes.

More specifically, the report deals with prospects for ICI and Fisons. It expects Fisons' business to become more international, although much will depend on the success of the new products Nortron and Ficam. The Government's policy of expanding domestic food production —as outlined in the White Paper "Food from Our Own Resources" —should also strengthen Fisons' home business.

ICI's business was seen as being somewhat better placed than Fisons in that it had a greater number of proprietary products and was already international. A greater research budget also gave it a greater chance of further discoveries.

Sharp fall in lead market

By John Edwards

LEAD PRICES on the London Metal Exchange fell sharply yesterday, declining to the lowest point for some two years. Cash lead closed £15.75 to £175.25 a tonne, while the three months quotation was down by £11.75 to £167.25.

The reason for the fall in prices was the absence of support buying by producers, which has been the main influence keeping up values in recent months in view of the surplus created by the decline in consumer demand.

The producers have gradually been forced to lower their support level, in view of the cost involved. But yesterday there appeared to be no support buying at all, with the market left to find its own level—at least temporarily.

Dealers suggested that there might be some disarray between producers behind this withdrawal of support buying, in view of the cost.

Some producer interests are known to have been selling forward quite heavily recently. Others felt that the producers still had adequate funds, but had decided to stop buying at present.

In view of an unexpected large increase in warehouse stock arrivals during the next few weeks—an increase of as much as 25,000 tonnes over the present figure of 36,000 tonnes is being suggested.

However the recent fall in U.S. lead prices, and the continued lack of consumer demand, may make a sustained recovery difficult to achieve if the producers are finding the financial burden of carrying surplus stocks too intolerable.

Cut in price of sugar for U.K. industry

By Our Commodities Editor

A CUT in the price of industrial sugar—sugar supplied in bulk to trade users—for deliveries from July to September was announced by the Ministry of Agriculture yesterday. With effect from to-day, the forward price of industrial sugar for the third quarter period will be reduced to £240 a ton for bulk deliveries. Retail prices of sugar are not affected.

This follows the move towards lower sugar prices, including those in retail outlets, announced by the Ministry a week ago with a scheme for subsidies, from October to December, to make U.K. cane refined sugar competitive with lower-priced supplies available from elsewhere, particularly the EEC, from the forthcoming beet crop.

REFERENDUM DEBATE

Both sides at fault over food prices

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DURING THE Referendum debate I am saddened by the fact that on the questions of food prices neither the Pro's nor the Anti's appear to have done their homework. It is nonsensical to claim, as do the Anti's, that the Commonwealth and the rest of the world is desperately trying to unload cheap food on our shores. It is assinine to say that because circumstances combined to raise basic food commodity prices in 1973/4 that food will never be cheaper again.

I never hear the representatives of any food producing group in any country say that because they were producing food for the British market they would like to send it in at bargain prices. All of them in the past, and certainly in the present, would like to make more money from what they sell. What stops them raising their prices is the fact that they have no control over the purchaser who makes the crucial decision of whether to buy or not. If prices don't suit him, he buys elsewhere or does without.

In the same way it's incorrect to say that because of the inflation in costs due to the oil crisis, etc. prices of basic foods will never fall. The truth is that production costs have never been decisive in fixing commodity prices. That is the role of the market: supply and demand.

Farmers, and indeed all commodity producers, simply hate this, and history is replete with examples of attempts to overcome this basic economic truth. The only way to make a market rise is to restrict supplies, so supply management schemes take two forms. Exporting countries impose quotas, etc., on their farmers. Importing countries, let us say the Common Market, protect the domestic prices of their own farmers, by keeping out imports by means of levies.

Since the war British policy was specifically designed to keep down the price of imported food by supplying a sizeable proportion of the nation's larder by home production at lower than cost prices. The difference being made up by the deficiency payments.

It was unpopular here with farmers, because it included limits on production as well as on prices. It was very unpopular indeed with supplying countries both in and out of the Commonwealth because they rightly felt they were being exploited. It is for this reason no doubt that the Prime Ministers of the Commonwealth, led by Australia and New Zealand, asserted it was best for Britain and themselves if she remained in the Community. It couldn't very well be worse.

The fallacy

The Community's restrictions on imports have only made a marginal contribution to the ruination of the international beef trade which has been caused by over-production everywhere and the determination of major importing countries of the past such as Japan or the U.S. to suspend or restrict imports. Once the facts of a dairy surplus have been established the Community can be said to have benefited the producers in New Zealand by dumping their surplus butter, all 300,000 tons of it, on the British market under terms of the Treaty of Accession, and not all over the world.

The pro's argue that because the world's population is rising at a fantastic rate all surplus food will be gobbled up by the teeming masses. The fallacy in this is that the population explosion is occurring among people who have not the money to buy food from the West, and would be better employed growing their own for which most still have the resources.

It is not even true to say that the EEC saved the housewife great sums of money during the high world prices of 1974. The overall effects of their actions was apparently broadly neutral. The bouquets for holding down prices should go to Mr. Heath's Government for negotiating the transitional period and to the Labour Government for refusing to operate the Community system for beef intervention last summer.

Where Britain gained from Community activities was in grain and sugar prices, particularly grain. By means of a complication of taxes, levies and subsidies on grain too much to explain fully here the Eurocrats managed to temper the cost of grain to Britain. Then, apparently worn out by their activities, they departed for the ski slopes to rest. But their departure coincided with the collapse in the U.S. grain market. Because international grain traders don't go skiing, they were able to pull off deals which substantially lowered prices here and filled the Rotterdam silo with U.S. maize before the EEC officials got back to their desks and were able to resume juggling with their figures to stop the rot.

The result of this particular muddle is that for the present, grain prices in Britain are almost the lowest in the world and the EEC is stuck with 5m. tons of surplus wheat. So it appears a major benefit to Britain came as much from bureaucratic ineptitude as from conscious policy.

It's almost certain that the Common Agriculture Policy will eventually be found to be just as inefficient a way of regulating commodity prices as any of its predecessors which like the Corn Laws were swept away by a democratic upheaval. It will only be a question of time before the CAP too will be sent the same way.

U.S. grain export inspection probe

WASHINGTON, May 22.

THE SENATE Agriculture Committee has authorised an immediate investigation of grain and ship inspection practices to look into charges of laxity and corruption by inspectors, reports Reuter. The material gathered will be reviewed by the Foreign Agricultural Policy Subcommittee, headed by Senator Hubert Humphrey. The move follows increasing complaints by foreign buyers who say they have received misgraded and diseased U.S. grain.

The investigation is badly needed to assure that the U.S. will maintain its lucrative agricultural export business, Senator Humphrey said. He noted that U.S. farm exports this year are expected to reach $22bn.—about half of that in grain.

"We must make every effort to ensure that this market is not ruined by shoddy inspection practices which will cause foreign buyers to turn elsewhere," he said.

The Washington Post has reported that complaints are on file from major customers including the Soviet Union, the U.K., Italy, West Germany and India.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher on balance on the London Metal Exchange. After easing to £568.5 in early trading, forward metal subsequently rallied owing to renewed speculative demand and the further rise in bullion. The firmer trend was maintained in the afternoon following the opening steadiness of Comex which reflected weakness of the U.S. dollar and forward metal ended here at £570.25 on the afternoon Kerb after being up to £572. Turnover, 13,875 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	549.5-50	+3.5	552.5-3	+2.25
3 months	569.5-70	+3.5	571.5-2	+2
Settlem't	550	+3.5	—	.....
Cathodes				
Cash	538-.5	+1.75	541-2	+2.25
3 months	558-9	+1.5	561-.5	+2.5
Settlem't	538.5	+1.5	—	.....
U.S. Prod.	—	.....	*66.70	.....

Amalgamated Metal Group reported that in the morning, cash wirebars traded at £550, 49.5, 50, three months £570, 69, 69.5, 70. Cathodes cash £540, 39.5, 39, three months £559.5. Kerbs: Wirebars: cash £548, three months £569, 70, 69.5. Afternoon: Wirebars: cash £551, 52, 52.5, three months £571, 72, 71, 71.5. Cathodes: three months £561. Kerbs: Wirebars: cash £552, 50.5, three months £571, 70.

TIN — Rallied, especially cash metal where influential borrowing of standard grade material, some believed to have been on behalf of the buffer stock, narrowed the contango by over £10. Prices were initially a little hesitant following the decline in Penang overnight where the buffer stock was thought to have lowered its support price. Turnover 1,105 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	2970-2	+11.5	2972-3	+12
3 months	3017-8	—2	3017-9	+1.5
S'ment	2972	+12	—	.....
Standard				
Cash	2970-2	+11.5	2972-3	+12
3 months	3017-8	—2	3017-9	+1.5
S'ment	2972	+12	—	.....
Straits E.	†958	—2	—	.....
New York	—	.....	227.50	.....

Morning: Standard: cash £2,970, three months £3,020, 18. High Grade untraded. Kerbs: Standard: cash £2,970, three months £3,017, 20. Afternoon: Standard: cash £2,973, 72, three months £3,016, 20, 15. High Grade untraded. Kerbs: Standard: cash £2,972, three months £3,018, 17.

LEAD—Fell sharply. Renewed offerings of metal from speculative, chartist and trade sources prompted stop-loss selling and found the market lacking the recent influential demand which was thought to have been on producer account. The cash price fell to its lowest since August 1973 while forward touched its lowest since June of that year. Prices ended marginally off the bottom, however, owing to short-covering. Cash metal closed at £175.25 on the afternoon Kerb after being down to £173 while forward was £167.5 after £165. Turnover 11,000 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	174-5	-17.25	175-.5	-15.75
3 months	166-7	-14.75	167-.5	-11.75
S'ment	176	-18.5	—	.....
N.Y. Spot	—	.....	225-4½	.....

Morning: cash £180 to 73, three months £176 to 65, 66, 67. Kerb: three months £168, 70, 71. Afternoon: cash £175, three months £170 to 65, 67. Kerb: three months £168, 67, 68, 67.

ZINC—Easier. The market was unsettled by the sharp losses in lead but selling pressure was not heavy and there was renewed support buying of cash metal. Turnover 3,975 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	321.5-2	—1	321-2	—1.75
3 months	313-.5	—1.875	314.25-.5	—.5
S'ment	322	—1	—	.....
Prm. West	—	.....	*35¼-9	.....

*Cents per pound. †On previous unofficial close. ‡ $M per picul.

Morning: cash £322, 21.5, late May £322, three months £314, 15.5, 15. Kerb: cash £321.5, late May £322. Afternoon: late July £316.5, three months £314.25. Kerb: three months £314.25.

SILVER

Silver was fixed 7.0p an ounce higher for spot delivery in the London bullion market yesterday, at 204.35p. U.S. cent equivalents of the fixing prices were: spot 474.3c, up 18.3c; three-month 482.5c, up 19.8c; six-month 492.2c, up 20.8c; and 12-month 510.2c, up 25.8c. The spot price opened at 201.5-203.0p (467.5-470.5c), and touched a day's peak of 205.5-207.0p (478-482c), before ending at 203.5-205.0p (474-476c), against the previous 201.0-202.5p (468-469c).

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	204.35p	+7.0	204.8p	+5.05
3 months	210.55p	+7.5	210.9p	+3.5
6 months	217.35p	+7.7	—	.....
7 months	—	.....	218.8p	+3.55
12 months	231.55p	+8.85		

LME—Turnover 195 (161) lots of 10,000 ozs. Morning: Three months 211, 11.3, 11, 10.8, 11, 11.5, 12, 11.8, 12, 12.5, 12.8, 12.3, 12.2. Kerbs: Late July 209.7; three months 211.5, 11.3, 11.5, 11.8. Afternoon: Three months 211.3, 14, 13, 14, 13, 12, 11. Kerbs: Three months 210.8, 10.5, 10.1, 10.3, 10.5, 10.3, 10, 9.8; seven months 216.

COCOA

Prices advanced on shortcovering and speculative buying inspired by rumours of producer action to support prices, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No4Contract			
May	475.0-79.0	+12	474.5-74.0
July	478.0-80.0	+13	480.0-67.0
September	478.0-79.0	+13	479.0-65.0
December	497.5-98.0	+8	499.0-91.0
March	506.0-07.0	+7.5	507.0-488.5
May	508.0-10.0	+7	—
July	512.0-13.5	+7.5	512.0-09.0

Sales: 1,880 (2,286) lots of 10 tonnes.

International Cocoa Agreement prices: Daily 47.38 (47.78) U.S. cents per pound; 15-day average 47.73 (47.82); 22-day average 48.78 (48.81).

FREIGHTS

DRY CARGO—Extremely dull conditions reported in chartering market with many sections idle. In the North American grain section owners' resistance to rate indications for business in early positions was mainly responsible for the inactivity but in more forward positions a lack of fresh enquiry was a major factor. Grain shippers covered cargoes from the St. Lawrence to Marseilles at $8.40 f.i.o. for May-June, U.S. Gulf Taiwan at $15 f.i.o. for May and St. Lawrence Morocco at $7.75 f.i.o. July. Other grain bookings included River Plate West Coast Mexico at $16 f.i.o. May-June and 24,700 long tons South Brazil Adriatic at $325,000 f.i.o. June. In the coal section 12 quarterly cargoes were reported booked Hampton Roads Japan at $9.95 free discharge commencing second half 1976 and a single cargo on the same run at $5.70 free discharge for June.

OIL TANKERS—More inquiry in the Persian Gulf but few fixtures. Exxon is open for VLCC's for 12-months' time-charter at the equivalent of the current low single voyage rate of Worldscale 15. It is suggested that Exxon wants two VLCC's (over 200,000 tons) and one ULCC (over 300,000 tons). South African charterers took a 50,000-tonner from Persian Gulf to Durban at W.23½.

COFFEE

Robusta futures held steady for most of the afternoon with some improvement of sterling against the dollar tending to dampen any follow through interest from this morning's rise. At the same time there was sufficient underlying buying interest to absorb most of the selling and profit-taking and earlier gains were generally well maintained.

Arabicas were slightly steadier and closed 50 to 125 points higher on balance in sales of 113 lots.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	459.0-60.0	—5.0	448.0-59.0
July	434.0-34.5	+10.5	434.5-29.5
September	426.0-27.5	+7.25	428.0-25.0
November	425.0-24.0	+7.25	424.5-21.0
January	424.5-25.0	+5.25	426.0-24.0
March	429.0-30.0	+7.0	458.0-29.0
May	431.0-33.0	+5.5	434.5-33.0

Sales: 953 (926) lots of 5 tonnes.

Latest published ICO indicator prices, U.S. cents a pound. Colombian Mild Arabicas 66.25 (65.75). Other Mild Arabicas 52.00 (51.50). Unwashed Arabicas Santos Fours 76.25 (same). Robustas 46.88 (47.19). Daily average 60.75 (60.69).

ARABICA CONTRACT (in order, buyer, seller, sales)—June 60.00-61.00, nil; Aug. 61.00-61.70, 61.20, one; Oct. 61.60-61.70, 61.60-61.10, 33; Dec. 62.00-62.30, 62.00-61.00, 39; Feb. 62.40-62.60, 62.30-62.00, 46; April 63.10-63.30, 63.00-62.90, three; June 63.00-64.00 nil. Sales: 113.

RUBBER

STEADIER opening on the London physical market. Little interest throughout day, closing very quiet. Lewis and Peat reported a godown price of 117 Malaysian cents a kilo (buyer, June).

No. R.S.S.	Yesterday's close	Previous day's close	Business done
June	27.10-27.70	27.15-27.50	—
July	27.25-27.90	27.40-28.30	—
Jly-Sep.	28.05-28.10	27.85-28.05	28.20-28.05
Oct.-Dec.	29.40-29.45	29.30-29.35	29.45-29.30
Jan-Mar.	30.55-30.60	30.40-30.60	30.60-30.40
Ap-Jun.	31.55-31.60	31.45-31.55	—
Jly-Sept	32.10-32.80	32.35-32.30	—
Oct-Dec	32.90-32.85	32.70-32.90	32.90-32.70
Jan-Mar	33.55-33.40	33.45-33.50	33.60-33.55

Sales: 131 (80) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 26.5p (same); June 25.5p (25.55p); July 28.40p (28.25p).

SUGAR

LONDON DAILY PRICE—Lower at £177 (£180) a ton c.i.f. for May-June shipment.

Market was quietly steady during the morning, but prices gradually edged higher by approximately 500 points. Profit-taking at the higher levels produced a slightly easier tone and by the close levels were some 200 points below the day's highest, C. Czarnikow reports.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Aug.	177.00-78.00	179.00-80.00	182.00-74.00
Oct.	172.00-72.25	172.50-73.00	174.50-67.50
Dec.	171.00-72.00	172.00-72.05	174.00-68.00
March	168.00-69.50	168.50-68.45	179.00-65.00
May	168.50-69.50	168.00-68.50	170.00-66.00
Aug.	168.00-69.00	168.00-69.00	178.85-65.00
Oct.	167.00-69.50	167.00-70.00	169.00-65.00

Sales: 2,360 (1,797) lots of 50 tons each.

Tate and Lyle ex-refinery price for granulated basis white sugar was £261.50 (same) a long ton for home trade and £282 (£285) a long ton for export.

EEC DAILY EXPORT LEVIES effective May 23 (in units of account per 100 kilos, previous in brackets): White sugar, denatured 9.00 (same), non-denatured 9.60 (same); raw denatured 6.50 (7.00); non-denatured 6.50 (7.00).

WOOL FUTURES

BRADFORD—Prices have risen recently under pressure of increasing wool values and resulting business has been limited. However, this week Australian wool prices have fallen back a little and without this primary support conditions have become much quieter here. Prices quoted for Merino tops are not invariably lower but some reductions have been made.

(Pence per kilo)

Australian Greasy wool	Yesterday's close	+ or —	Business Done
May	160.0-66.0	.....	—
July	164.0-66.0	-0.50	—
October	169.0-71.0	+0.50	—
December	172.7-75.0	-0.15	173.0
March	175.5-78.0	+0.25	—
May	178.0-80.0	+0.50	—
July	179.0-82.0	+0.50	—
October	180.0-84.0	.....	—

Sales: 9 (0) lots of 1,500 kilos.

SYDNEY—The market finished irregular after opening par to two-and-a-half cents down. The downtrend continued throughout the morning session on average tournover. Spot month May rose two cents in the afternoon on last night's close but all other months continued to decline.

(Aust cents per kilo)

Greasy wool	Yesterday's Close	+ or —	Business Done
May	256.0-58.9	+2.45	258.5-51.0
July	261.0-62.0	-0.60	262.0-58.5
October	265.0-66.0	-0.85	268.0-63.5
December	268.0-68.5	-1.25	268.0-65.5
March	270.8-71.0	-0.95	271.0-68.4
May	272.5-75.0	-1.25	273.5-69.5
July	274.5-75.0	.....	274.5-71.0
October	275.0-76.0	.....	275.5-71.0

Sales: 500 (510) lots of 1,500 kilos.

GRAINS

MARK LANE—There was a fair spate of activity during the early period at fully steady rates but interest was not maintained and the close was quiet. London paid $82.25 per long ton for June deliveries of Hagberg milling wheat £61 for Oct.-Dec. new crop. Avonmouth bought Sept.-Dec. new crop Hagberg at £61.25. Denaturable wheat traded into East Anglia at £51.25 for June and £52 for July deliveries while Sept.-Dec. deliveries were taken by Avonmouth and Liverpool at £58.50. Feed barley business included June to East Anglia at £52.25 and July at £53. The following are average sellers quotations per long ton delivered London area. Wheat milling Hagberg June £52.50, Oct.-Dec. £61.25, denaturable June £51.50. Barley feed June £52.50.

Wheat—U.S. Dark Northern Spring No. 2, July £82.85, Aug. £79.65, Sept. £74.60, seller transhipment East Coast. U.S. Hard Winter No. 2, 13½ per cent. July £86.85, Aug. £87.00, direct Tilbury. EEC Milling—June £51.75, July £52.25, transhipment West Coast.

Maize—No. 3 Yellow American French May £51.75, June £52.00, July £52.75 transhipment East Coast. South African White Dent May-June £50.50, seller Glasgow. South African Yellow Flint May-June £61.00, seller Glasgow.

Barley—EEC Feed May £50.75, June £51.50, July £50.50 transhipment West Coast. Rest unquoted.

THE BALTIC—EEC feed wheat met a limited offake for June shipment to the West Coast U.K. and for July to the South Coast. Optional corn prices were marked up slightly and scattered business included second-half July transhipment to South and East Coast ports.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, generally steady. Close: May £50.00, Sept. £54.05, Nov. £57.55, Jan. £59.70, March £61.85. Business: May £50.65-50.00, Sept. £55.05-54.00, Nov. £57.50-57.40, Jan. £59.60-59.50, March nil. Barley, steadier. Close: May £50.80, Sept. £53.20, Nov. £55.20, Jan. £57.15, March £58.90. Business: May £50.10-49.85, Sept. £53.20-53.05, Nov. £55.20-55.00, Jan. £57.20-57.00, March nil.

HGCA—Location ex-farm spot prices: Soft milling wheat—Cambridge £49.80. Feeding barley—Cambridge £47.35, Wales £49.35.

EEC DAILY IMPORT LEVIES effective for May 23 (units of account per tonne in order current levy plus June, July and Aug. premiums, with previous in brackets). Soft wheat and mixed wheat and rye: 46.48, nil, nil, 0.19 (43.26, rest 5.22); Hard wheat: 21.62, 2.92, 2.92, 4.02 (21.62, 2.92, 2.92, 4.02); Rye: 54.73, rest nil (55.87, rest nil); Barley: 43.69, rest 3.61 (49.69, 3.61, 3.61, 4.33); Oats: 39.46, rest nil (39.46, rest nil); Maize (other than hybrid for seeding): 30.49, rest nil (31.56, rest 30.16); Buckwheat: 17.12, rest nil (17.12, rest nil); Millet: all nil (all nil); Grain sorghum: 34.97, 4.69, 4.69, 3.85 (34.93, rest 5.42). Also effective for the following flours. Wheat or mixed wheat and rye: 87.15 (79.54); Rye flour: 95.99 (97.52).

The Commission's revised list of monetary compensatory amounts (MCA's) in £ per tonne to apply to the U.K. and Ireland from May 26. Soft wheat and mixed wheat and rye: 8.118 U.K., 9.181 Ireland; Rye: 6.542, 8.143; Barley: 6.935, 7.551; Oats: 6.736, 7.098; Maize (other than hybrid for seeding): 7.112, 6.929; Grain, sorghum: 6.977, 6.781.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 34.0 to 37.0; Ulster hindquarters 44.0 to 45.0, forequarters 24.0 to 26.0; Eire hindquarters 43.0 to 45.0, forequarters 24.0 to 25.0.

Veal: English bobbies 14.0 to 16.0; Scottish bobbies 14.0 to 17.0.

Lamb: English small new season 40.0 to 46.0, medium new season 38.0 to 42.0, heavy new season 37.0 to 40.0. Imported frozen: NZ D's 29.5 to 30.0, 2's 29.5 to 30.0, 8's 28.0 to 28.5, YLs 28.0 to 28.5.

Hoggets: English 20.0 to 34.0; Scottish 15.0 to 32.0.

Ewes: 12.0 to 13.0.

Pork: English, under 100 lbs 29.0 to 35.0, 100-120 lbs 29.0 to 34.0, 120-160 lbs 28.0 to 31.0, 160-180 lbs 26.0 to 28.0, 180 lbs and over 24.0 to 26.0.

MEAT COMMISSION—Average fatstock prices at representative markets on May 22: U.K.—Cattle £22.13 per live cwt (—0.46); Sheep 39.1p per pound e.d.c.w. (—0.9); Pigs £4.62 per sc.l.w. (—0.02). England and Wales—Cattle numbers down 19.6 per cent., average price £22.31 (—0.39); Sheep up 3.4, 40.9p (—2.8); Pigs down 25.5, £4.62 (—0.02). Scotland—Cattle down 4.4, £22.19 (—0.43); Sheep down 44.1, 34.7p (+0.2), Pigs nil.

COVENT GARDEN (Prices in sterling)—Imported produce: Oranges—Jaffa: Shamouti-Valencia Lates 1.90-4.20; Californian: 3.50-3.90; Florida: 2.70-2.60; Cypriot: 2.40-3.50; South African: 3.00-3.50. Grapefruit—Jaffa: 40 2.50, 48 2.80, 56 2.90, 64 2.90, 75 2.90, 88 2.90; Cypriot: 64 3.00, 56 3.00, 48 2.95, 40 2.85; Florida: Red Blush 4.00; South African: 32/64 2.15-2.40. Lemons—Italian: 2.90-3.20; South African: 3.00-3.50.

English produce: Cauliflowers—Per 12 Lincoln 2.00, Kent 2.50-2.60. Mushrooms—Per lb 0.20. Spring Greens—Per bag 0.70. Onions—Per 56-lb 2.80-3.00. Apples—Per 30-lb Bramley's 2.70-3.30. Lettuce—Per 12 round 1.70, cos 1.70-1.80. Leeks—Per 12-lb 1.20. Potatoes—Per 56-lb white 1.25, red 1.40. Cucumbers—Per tray 12 2.00, 14 2.10, 16 2.10, 18 2.10. Swedes—Per 28-lb 0.60-0.70. Rhubarb—Per lb. outdoor 0.04-0.05. Tomatoes—Per lb 0.24-0.27.

JUTE

DUNDEE—Quiet and prices nominal. Calcutta goods easier. Quotations c. and f. U.K. for May shipment, 10-oz. 40-inch £7.80; 7½-oz. £5.90 per 100 yards. June £7.91 and £6.06; July-Sept. £8.02 and £6.11. B twills £22.55, £22.71 and £22.88 for the respective shipment periods. Yarn and cloth very quiet.

LONDON—Quiet. Bangladesh White "C" grade May-June £224.00, "D" grade May-June £214.00. A long ton.

CALCUTTA—Steady. Indian May-June Rs.465, Dundee Daisee May-June Rs.425 values. A bale of 400 lbs.

★

LIVERPOOL COTTON—Spot and shipment sales amounted to 242 tonnes bringing the total for the week so far to 1,373 tonnes, reports E. W. Tattersall. Mixed dealings in numerous African and Middle Eastern styles were reported. Both North and South American growths made modest headway.

★

COPRA—Philippines: May and June $220, July $225, August $230 resellers per tonne c.i.f. North European ports.

★

GRIMSBY FISH—Supply good, demand fair. Prices per stone at ship's side, unprocessed: Shelf cod £1.50-£1.90, codlings £1.20-£1.70; Shelf haddocks £2.30-£2.80, medium £2.00-£2.50; Large plaice £2.30, medium £2.30, small £1.90; Skinned dogfish £5.00, medium dogfish £4.20; Coalfish 90p-£1.00; Catfish £1.10-£1.40; Lemon soles £5.40; Reds £1.00-£1.20.

★

SOYABEAN MEAL—Close: Aug. 70.30-70.50, Oct. 71.30-71.60, Dec. 72.30-72.40, Feb. 74.00-74.10, April 75.50-76.10, June 77.50-77.60, Aug. 79.40-78.70. Business: Aug. 70.3-71.0, Oct. 71.0-72.0, Dec. 72.1-73.1, Feb. 74.1-74.6, April 76.0, June 77.6. Turnover, 97 (54) lots of 100 tonnes.

PRICE CHANGES

Prices per ton unless otherwise stated.

	May 22 1975	+ or —	Month ago
Metals			
Aluminium (a)	£396	.....	£378.8
Free market cif	£275-280	+2.5	£295-235
Copper §			
Cash Wire Bars (a)	£552.75	+2.25	£546
3 month do. do. (a)	£571.75	+2.0	£564.5
Cash Cathode (a)	£541.5	+2.25	£537
3 months do. (a)	£561.25	+2.5	£554.25
Gold .... Troy oz.	$174.5	+4.0	$167.25
Lead Cash (a)	£175.25	—15.75	£187.825
3 months (a)	£167.25	—11.75	£194.125
Nickel (a)	£1,880	.....	£1,898.8
Free market cif (lb)	$1.75-1.9	.....	$1.70-1.9
Platinum (troy oz.)	£67-71.5	.....	£67-71.5
Free Market	£65-67	.....	£62-64
Quicksilver (76lbs)	$152-157	.....	$135-140
Silver Troy oz.	204.35p	+7.0	182.8p
3 months	210.55p	+7.3	187.1p
Tin Cash (a) §	£2,972.5	+12.0	£2,855.5
3 months (a)	£3,018	+1.5	£3,026
Wolfram 22.04lb cif	£41.5-2.5	—0.25	£41-5½
Zinc Cash (a) §	£321.5	—1.75	£330.875
3 months (a)	£314.375	—0.5	£325.875
Producers (a)	£56	.....	£360
Oils			
Coconut Malayan	£175k	.....	‡
Groundnut	.....	.....	.....
[illegible]	£380	.....	£396
Linseed Crude (a)	£467	.....	£457
Palm Malayan (a)	£168r	.....	‡
Soyabean (a)	.....	.....	‡
Seeds			
Copra Philipp ton	$250	+10	$280
Gr'nuts Nigerian	.....	.....	.....
Linseed Can. No. 1	£167.5n	+2.5	£158
Grains			
Barley EEC	£50.75	.....	£49
Home Futures	£50.0	+0.25	£48.65
Maize			
French No.3 Am.	£51.75	+0.25	£50
S.A. Yellow Flint	£61.0	.....	.....
Wheat			
No. 1 Red Spring	.....	.....	.....
No.2 Hard Winter	£86.85	.....	.....
Australian (f.a.q.)	.....	.....	.....
English Milling	£52.5	—0.25	£51.75
Cocoa Shipment (a)	£566	+15	£553
Futures July (a)	£479	+12.5	£505.5
Coffee Shipment (c)	.....	.....	.....
Futures July (U lb)	£434.25	+10.5	£399.25
Cotton 'A' Index cent	54.5	+0.15	53.75
Jute LJABWC (d)	£224	.....	£244
Rubber .... kilo	26.5p	.....	25.5p
Sisal EASL (a)	$650	.....	$650
Sugar	£177	—3	£250
Wooltops 64s ... kilo	197p	.....	185p
Cloves (Madagasikar)	£2,350	.....	£2,350
Pepper White ... ton	£850	—5	£840
Black ... ton	£650	—25	£685

* Nominal. † Seller. § Unofficial close. ♣ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. a Seller's quotation. h May-June. k June. u Metric tons. r July. o June-July. s Feb.-March. t Nov. q May-June. w Nov.-Jan.

INDICES

FINANCIAL TIMES

May 22	May 21	Month ago	Year ago
162.07	162.66	164.21	206.35

(Base: July 1, 1952=100)

REUTER'S

May 22	May 21	Month ago	Year ago
1081.6	1081.6	1090.2	1308.1

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	May 22	May 21	Month ago	Year ago
Spot	277.97	277.86	300.17	329.90
Futures	260.51	259.88	282.11	291.58

(Average 1924-25-26=100)

MOODY'S

Moody's	May 22	May 21	Month ago	Year ago
Sple Comm'ty	734.7	735.2	741.9	782.2

(Dec. 31, 1931=100)

U.S. Markets

Cocoa rally, silver unchanged

NEW YORK, May 22.

SILVER closed about unchanged on Commission House liquidation. Copper closed slightly higher in heavy volume. Cocoa rallied on news of Ivory Coast export ban. Sugar finished mixed to higher following technical correction. Chicago grains closed in mixed to higher on beans while corn declined, wheat was slightly higher on trade selling, Bache reports.

Cocoa—Ghana spot 63½ nom. (61½). Bahia spot 56½ nom. (54½). July 49.50 (47.50), Sept. 47.90 (45.90), Dec. 46.25, March 48.50, May 48.30, July 48.90, Sept. nil. Sales: 1,393.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams unquoted (same). "C" Contract: May 55.00 (50.00), July 54.40-54.50 (53.20), Sept. 56.14, Nov. 57.20-57.50 asked, Dec. 57.20-57.25, March 57.65-58.00 asked, May 58.15-58.50 asked. Sales: 627.

Copper—May 56.20 (same), June 56.20 (same), July 56.70, Sept. 57.50 settlements. Sales: 1,664.

Cotton—July 45.60-45.65 (45.91), Oct. 46.75 (46.92), Dec. 47.41-47.47, March 48.27-48.50 asked, May 48.90-49.00 asked, July 49.65-49.80 asked, Oct. 49.85 bid. Sales: 1,700.

bGold—May 173.00 (171.60), June 173.30 (172.20), July 174.60, Aug. 175.70, Oct. 177.00, Dec. 180.10, Feb. 182.40, April 184.70, June 187.10, Aug. 189.50. Sales: 2,494.

Greasewool—Spot 134.0 nom. (same). July 133.0-135.0 asked (132.0-135.0), Oct. 136.0-139.0 asked (135.0), Dec. 136.0-142.5 asked, March 140.0-142.5 asked, May 141.0-145.0 asked, July 141.0-145.0 asked, Oct. 141.0 bid.

†Lard—Chicago loose 27½ bid (27 traded). NY drummed 33½ nom. (33 nom.).

**Maize—July 275½-276½ (281-286), Sept. 263½-264½ (269-268), Dec. 250-250½, March 254-255½, May 260½.

‡Platinum—July 152.20 (153.40), Oct. 155.00 (156.50), Jan. 158.50, April 163.00, July 166.70, Oct. 167.70-167.90 asked. Sales: 426.

‡Silver—Spot 476.00 (465.00), May 469.20 (469.00), June 469.30 (469.70), July 472.50, Sept. 479.30, Dec. 489.40, Jan. 492.40, March 499.00, May 505.50, July 511.90, Sept. 518.20. Sales: 15,653.

*Soyabeans—July 529-529½ (531½), Aug. 522½-523 (523½), Sept. 515, Nov. 514½-516½, Jan. 521½, March 529, May 535, July 539-540, Aug. 541-542.

bSoyabean Meal—July 125.00 (127.20), Aug. 126.00-125.50 (127.20), Sept. 126.50-127.50 asked, Oct. 127.50-128.00 asked, Dec. 130.00, Jan. 131.50-132.00 asked, March 135.00-135.50 asked.

Soyabean Oil—July 23.45-23.50 (23.45), Aug. 22.65-22.70 (22.65), Sept. 21.90-22.00, Oct. 21.45, Dec. 20.75-20.70, Jan. 20.25, March 19.85-19.95 asked, May 19.40, July 19.00-18.90, Aug. 18.60-18.80 asked.

Sugar—Spot 17.25 (same). July 17.10-17.00 (16.95-16.85), Sept. 16.55-16.50 (16.20-16.65), Oct. 16.05, Jan. 15.45 nom., March 15.45-15.40, May 15.15-15.25 asked, July 14.91 nom., Sept. 14.65-14.60, Oct. 14.60-14.55. Sales: 2,652.

Tin—320.00-367.00 nom. (same).

**Wheat—July 324½-325 (324½-325½), Sept. 330-330½ (329), Dec. 339½, March 347.

WINNIPEG, May 22. ††Rye—May 215 (230½ nom.), July 220½ asked (222), Oct. 213½ asked, Dec. 210 nom.

cOats—May 167 (166), July 164½ (163 bid), Oct. 156½ asked, Dec. 153 nom.

‡Barley—May 238½ (same), July 231½ asked (231½ bid), Oct. 216½ bid, Dec. 211 nom.

dFlaxseed—May 880 bid (884½ bid), July 860 (863½), Oct. 847 asked, Nov. 828 asked, Dec. 785.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 477½ (476½).

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. †Chicago loose $'s per 100 lbs — Dept. of Ag. prices previous day. Drummed $'s per 10 lbs f.o.b. NY. ‡Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse. 5,000 bushel lots. c Cents per 24-lb bushel. ‡ Cents per 48-lb bushel ex-warehouse. 5,000 bushel lots. d Cents per 56-lb bushel ex-warehouse. 1,000-bushel lots.

MONEY MARKET

Large assistance

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a very large amount of assistance, by buying Treasury and local authority bills from the banks and Discount houses. Identifiable factors suggested that the official help was fully enough to meet the underlying shortage. Banks had caried over a surplus from Wednesday, and the market held net maturities of Treasury bills, but revenue transfers to the Exchequer were greater than Government disbursements, gilt-edged settlements were once more against the market's favour, the authorities held maturing bank and local authority bills, and there was a rise in the note circulation.

Discount houses bid 9-9½ per cent. commonly for secured call loans in the earlier part, and 7½-9½ per cent. in the later stages. In the inter-bank market, overnight loans were in a range of 7 per cent. to 9¼ per cent.

The one-month sterling-certificate yield ended at 9 5/16-9¼ per cent., against the previous 9¼-9⅜ per cent., and the three-month fell to 10 1/16-9 15/16 per cent., from 10 3/16-10 1/16 per cent., while the 12-month was unchanged on balance, at 11⅝-11⅜ per cent.

Rates in the table below are nominal in some cases.

May 22 1975	Sterling Certificates of deposits	Inter-bank	Local Authority deposit*	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ϕ	Bank bills ϕ	Fine trade bills ϕ
Overnight	—	7-9¼	—	—	—	10-10¼	7½-9½	—	—	—
2 days notice	—	—	9¼-9½	—	—	—	—	—	—	—
†7 days or 7 days notice	—	9⅛-9½	9½-9¾	—	10-10¾	—	8¾-9½	—	—	—
One month	9 5/16-9¼	9½-9⅝	9½-9¾	10¼-9¾	10-11	—	9	9 9/32-9⅜	9⅝-9¾	10½-11½
Two months	9 15/16-9 13/16	9 11/16-9⅞	—	10½-9¾	—	—	9-9¼	9 9/16-9 7/16	9⅞	10⅝-11½
Three months	10 1/16-9 15/16	10-10⅛	10-10¼	10⅜-9⅞	10½-11½	—	9¼-9½	9½-9⅝	9⅞-10	10¾-11½
Six months	10 5/16-10 3/16	10 5/16-10½	10⅜-10⅝	10¾-10¼	—	—	—	—	10⅝	11-12
Nine months	11¼-10⅞	10¾-11⅛	—	11⅛-11	—	—	—	—	—	—
One year	11⅝-11⅜	11¼-11⅝	12⅜-12⅛	12-11½	—	—	—	—	—	—
Two years	12½-12	11¾-12½	13¼-13½	12½-12	—	—	—	—	—	—

Local authority and finance houses seven days' notice: others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13½-14 per cent.; four years 13¾-14 per cent.; five years 14-14¼ per cent. ϕ Bank bill rate in table is buying rate for prime paper. Buying rate for four-month bank bills 10¼-10½ per cent.; and four-month trade bills 11-12 per cent. Approximate selling rate for one-month Treasury bills 9 5/32-9¼ per cent., two-month 9 9/32-9 5/16 per cent.; three-month 9¼-9 7/16 per cent. Approximate selling rate for one-month bank bills 9⅜-9¼ per cent.; for two-month 9¾-9⅞ per cent.; and three-month 9¾-9⅞ per cent.; for one-month trade bills 10-10½ per cent.; two-month 10-11 per cent.; and three-month 10-11 per cent.

Finance House Base Rate (published by the Finance Houses Association): 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice: 6½ per cent. Clearing Bank Base Rates for lending 9½ per cent. Treasury Bills: Average tender rate of discount 9.4747 per cent.

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	† 9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	11½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%. 1-month deposit 6½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7½%.
§ Deposit Base Rate 9½%.
‡ Demand deposit 7½%.

I.G. INDEX
GOLD 174-177½

CORAL INDEX
Close 347-352

Giant ferry shows her pace in gale

By Our Felixstowe Correspondent

A SHIP claimed to be the biggest car ferry ever built arrived only three hours late at Felixstowe yesterday after a gale had forced her to steam at less than half her normal speed during part of her voyage from Gothenburg.

The ship—Tor Line's £13m. Tor Britannia (15,560 gross tons)—was built to be fast as well as comfortable for the 1,200 passengers she can carry. She achieved a maximum speed of 27.3 knots on trials.

Tor Britannia berthed at Felixstowe in time for a reception to open the line's £250,000 passenger terminal in the new northern extension of the port.

She was built by Flender Werft, Lubeck, and is now operating the regular Felixstowe—Gothenburg passenger service, carrying a mixture of cars and other wheeled cargo.

POWER STATION SECURITY MOVE

Staff from 10 Midland power stations are to be given security courses to combat saboteurs. More than 1,000 contractors who work on power station sites are also being told to ensure that their employees have official identity cards.

NEW "HIGHS" AND "LOWS" FOR 1975

Too numerous to name individually the 131 new 1975 "highs" recorded among securities listed in the Share Information Service yesterday are given below in their subsections. There were 3 new "lows."

NEW HIGHS (131)

BRITISH FUNDS (1)
COM'WEALTH & AFRICAN LOANS (1)
AMERICANS (3)
CANADIANS (2)
BANKS (1)
BEERS (4)
BUILDINGS (6)
CHEMICALS (2)
CINEMAS (1)
DRAPERY & STORES (2)
ELECTRICALS (1)
ENGINEERING (9)
FOODS (4)
INDUSTRIALS (19)
MOTORS (2)
PROPERTY (3)
SHIPPING (1)
SOUTH AFRICANS (3)
TRUSTS (26)
OILS (2)
RUBBERS (4)
MINES (34)

NEW LOWS (3)

FOODS (2)
Caroni Sena Sugar
INDUSTRIALS (1)
Warren (Jas.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	13	27	13
Corpns. Dom. and Foreign Bonds	11	1	59
Industrials	281	372	1,094
Financial and Prop.	83	169	366
Oils	10	4	18
Plantations	6	4	39
Mines	83	9	59
Recent Issues	13	16	25
Totals	500	602	1,673

BANK RETURN

	Wednesday May 21 1975	Inc. (+) or dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	23,167,539	+ 1,167,136
Special Deposits	957,030,000	+ 8,020,000
Bankers	314,385,534	— 39,153,742
Reserves & Other A/cs	400,034,186	+ 13,139,565
	1,709,170,259	— 24,846,991
ASSETS		
Govt. Securities	1,222,872,899	— 37,150,000
Advance & Other A/cs	302,220,107	+ 7,067,333
Premises, Equip't & other Secs	165,411,825	+ 3,738,406
Notes	20,422,190	+ 1,431,443
Coin	237,238	+ 66,822
	1,709,170,259	— 24,846,991
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	5,675,000,000	—100,000,000
In Circulation	5,654,571,810	— 98,568,557
In Bank'g Dept.	20,428,190	+ 1,431,443
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs	5,044,111,039	+ 110,252,449
Other Securities	619,873,861	— 10,252,449
	5,676,000,000	+100,000,000

INSURANCE BASE RATES

† Atlantic Assurance...... 11¼%
Cannon Assurance ...... 9 %
† Address shown under Insurance and Property Bond table.

INSURANCE, PROPERTY, BONDS

Abbey Life Assurance Co. Ltd. · Albany Life Assurance Co. Ltd. · AMEV Life Assurance Ltd. · Atlantic Assurance Co. Ltd. · Barclays Life Ass. Co. Ltd. · Brandts Ltd. · Canada Life Assurance Company · Cannon Assurance Ltd. · Capital Life Assurance · Charterhouse Japhet Life Ass. Co. Ltd. · The City of Westminster Assur. Soc. · The City of Westminstr. Ass. Co. Ltd. · Second Managed Fund · Commercial Union Group · Confederation Life Insurance Co. · Cornhill Insurance Co. Ltd. · Crescent Life Ass. Co. Ltd. · Crusader Insurance Co. Ltd. · Eagle Star Insce./Midland Assce. · General Portfolio Life Ins. Co. Ltd. · Growth & Sec. Life Ass. Soc. Ltd. · Guardian R.E. · Hambro Life Assurance Limited · Harvest Assurance Group · Hearts of Oak Benefit Society · Hill Samuel Life Ass. Ltd. · Imperial Life Ass. Co. of Canada · The Individual Life Ins. Co. Ltd. · Investment Annuity Life Assce. · Irish Life Assurance Co. Ltd. · King & Shaxson Ltd. · Langham Life Assurance Co. Ltd. · Life & Equity Assurance · Life Assur. Co. of Pennsylvania · Lloyd's Life Assurance Ltd. · London Equity Assurance Ltd. · M. and G. Group · Magna Assurance Company Ltd. · Manufacturers Life Insce. Co. (U.K.) Ltd. · Merchant Investors Assurance · NEL Pensions Limited · New Zealand Insce. Co. (U.K.) Ltd. · NPI Pensions Management Ltd. · Norwich Union Insurance Group · Oakfield Assurance Ltd. · Phoenix Assurance Co. Ltd. · Prop. Equity & Life Assce. Co. · Property Growth Assur. Co. Ltd. · Prudential Pensions Limited · Reliance Mutual · Royal Insurance Group · Save & Prosper Group · Saveguard Assurance Limited · Schroder Life Group · Scot. Widows' Fnd. & Life Ass. Soc. · Slater Walker Insurance Co. Ltd. · Sun Life of Canada (U.K.) Ltd. · Target Life Assurance Co. Ltd. · Transinternational Life Ins. Co. Ltd. · The Trident Life Assur. Co. Ltd. · Tyndall Group · Vanbrugh Life Assurance · Welfare Insurance Company Ltd · Windsor Life Assce. Co. Ltd.

[illegible]

NOTES: Yields allow for all buying expenses. Prices in pence except where otherwise indicated. [illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

Equity groups (Thursday, May 22, 1975). Figures in parentheses show number of stocks per section. The low and high dates printed under each figure follow it in brackets.

	Groups & Sub-sections	Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Wed. May 21 Index No.	Tuesday May 20 Index No.	Monday May 19 Index No.	Friday May 16 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	126.44	—0.9	18.78	6.36	7.84	7.83	127.55	129.41	125.30	121.30	107.00	129.41 (20/5)	61.78 (6/1)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	109.75	—1.0	20.12	7.16	7.58	7.58	110.92	112.28	108.64	105.81	107.21	117.40 (22/4)	48.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	242.33	—1.8	17.03	5.90	8.66	8.66	245.74	250.84	240.96	234.05	175.47	251.61 (23/4)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	221.12	—1.0	16.94	5.32	8.52	8.50	223.36	229.60	222.19	211.64	199.89	229.60 (20/5)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	155.85	+0.5	22.18	6.93	6.79	6.79	155.01	156.33	151.16	147.55	111.74	159.79 (22/4)	64.39 (2/1)	202.37 (8/6/73)	64.39 (2/1/75)
6	Engineering (General) (65)	111.43	—0.7	19.60	7.15	7.44	7.44	112.18	112.99	110.00	107.18	87.93	112.99 (20/5)	45.45 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (11)	48.34	—0.7	14.87	9.70	11.62	11.47	48.67	48.98	48.62	48.02	36.88	48.98 (20/5)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (23)	116.50	—0.3	18.98	6.68	7.54	7.52	116.89	118.38	113.41	111.30	98.27	118.38 (20/5)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	86.46	—1.0	64.95	7.15	7.01	6.99	87.32	88.34	85.96	82.97	95.42	90.59 (22/4)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	96.41	—1.4	110.59	5.32	6.85	6.84	97.82	98.73	96.41	90.91	116.18	105.82 (10/3)	44.28 (6/1)	257.41 (19/5/72)	42.88 (13/12/74)
11	Household Goods (15)	138.33	—0.6	30.70	7.58	4.69	4.69	139.13	139.48	135.87	134.90	153.21	146.90 (23/4)	64.55 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (29)	48.23	—0.6	16.54	9.48	9.36	9.30	48.50	49.43	47.84	47.09	46.15	50.55 (22/4)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	142.85	—0.3	14.26	5.74	9.87	9.85	143.22	145.61	141.33	135.83	113.78	145.61 (20/5)	61.98 (6/1)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (16)	160.52	+0.6	12.59	6.15	11.79	11.79	159.63	161.90	155.47	146.91	130.29	161.90 (20/5)	75.58 (6/1)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (8)	167.89	+0.5	13.48	5.58	10.93	10.93	167.01	171.28	167.16	159.32	154.04	171.28 (20/5)	80.42 (6/1)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	156.20	—0.4	13.87	7.24	10.61	10.61	155.88	157.32	151.27	143.48	129.01	157.32 (20/5)	55.28 (6/1)	329.99 (12/12/72)	54.33 (9/1/75)
17	Food Manufacturing (22)	153.84	—0.7	13.51	5.07	10.06	10.01	154.96	156.15	152.48	148.76	111.31	156.15 (20/5)	62.03 (2/1)	211.65 (14/11/74)	59.67 (11/12/74)
18	Food Retailing (16)	144.01	—0.1	10.58	4.31	13.86	13.86	144.21	146.42	140.34	137.02	103.38	146.42 (20/5)	57.16 (2/1)	235.09 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	143.13	+0.1	18.15	6.58	8.28	8.28	143.01	144.12	139.58	136.07	151.28	146.73 (23/4)	55.08 (6/1)	260.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	105.70	—0.7	20.96	6.24	6.93	6.93	106.41	107.12	105.79	103.67	77.10	107.12 (20/5)	43.46 (6/1)	135.69 (28/4/72)	43.46 (6/1/75)
21	Stores (30)	128.44	—0.8	10.58	5.05	13.94	13.94	129.54	132.94	129.31	123.80	95.29	132.94 (20/5)	52.63 (6/1)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (19)	142.86	+0.9	28.56	7.04	4.06	4.05	141.53	141.71	139.56	134.58	128.90	142.86 (22/5)	62.91 (8/1)	253.72 (17/9/69)	62.66 (31/12/74)
23	Tobacco (3)	188.62	+0.1	17.56	7.06	8.47	8.47	188.37	192.77	185.85	177.39	174.02	199.16 (10/3)	109.92 (6/1)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	42.26	—1.3	26.32	7.30	5.19	5.19	42.84	42.32	41.86	41.17	42.05	45.61 (23/4)	20.92 (6/1)	135.72 (18/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (25)	178.26	+0.3	20.00	5.01	7.13	7.13	177.77	177.65	174.94	167.90	140.36	178.26 (22/5)	73.14 (6/1)	301.98 (31/1/69)	71.90 (11/12/74)
26	Office Equipment (10)	97.93	—1.5	14.59	5.42	9.25	9.25	99.43	101.03	94.98	93.84	115.58	104.76 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (11)	385.34	+0.4	24.02	6.13	5.08	4.95	385.72	396.71	382.67	372.23	363.67	401.84 (10/3)	194.38 (6/1)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	149.37	—0.3	17.27	6.49	8.16	8.16	149.88	152.06	147.69	143.17	128.64	152.06 (20/5)	60.39 (6/1)	258.83 (4/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	138.79	—0.4	18.89	5.91	8.46	8.43	139.33	141.24	137.18	132.32	116.69	141.24 (20/5)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	274.59	—0.3	26.81	5.53	4.00	3.75	275.45	277.92	274.18	269.57	222.99	277.92 (20/5)	105.86 (2/1)	461.66 (28/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	150.27	—0.4	20.01	5.85	7.29	7.15	150.85	152.81	148.74	143.87	126.76	152.81 (20/5)	63.49 (6/1)	227.96 (18/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	142.46	—1.9	—	5.07	—	—	145.25	148.45	143.75	138.85	115.77	148.45 (20/5)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	152.78	—1.1	24.22	5.16	6.14	6.14	154.52	158.86	155.12	148.92	133.52	163.68 (23/4)	62.56 (2/1)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	146.93	+0.7	—	8.17	—	—	145.98	142.75	137.98	137.87	135.45	169.27 (7/3)	84.13 (6/1)	293.13 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	100.08	—2.5	24.94	9.16	5.33	4.89	102.66	106.01	102.67	100.04	210.66	134.39 (10/3)	42.31 (6/1)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	120.11	—0.8	—	5.58	—	—	121.08	124.41	118.76	112.75	94.88	127.97 (23/4)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	118.74	—2.6	—	5.66	—	—	121.87	123.90	118.30	113.49	78.37	123.90 (20/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (8)	205.46	—1.7	9.68	4.13	15.28	15.28	208.92	211.50	208.28	201.89	160.44	211.50 (20/5)	68.96 (7/1)	262.57 (12/12/73)	65.86 (16/12/74)
39	Merchant Banks (19)	87.25	—0.4	—	7.15	—	—	87.57	88.84	86.87	84.79	104.18	94.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	216.67	—3.2	3.79	2.89	38.70	37.70	223.91	229.71	224.53	220.85	156.00	241.22 (22/4)	88.19 (7/1)	367.40 (29/11/73)	56.01 (29/4/65)
41	Miscellaneous (5)	71.32	—3.2	15.96	9.11	9.07	8.98	73.72	74.24	70.62	69.26	96.67	75.78 (23/4)	34.78 (10/1)	303.13 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	172.61	—0.4	2.91	4.00	34.37	34.37	173.36	174.52	172.46	172.25	128.72	174.52 (20/5)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	148.87	—0.7	—	5.58	—	—	149.91	152.07	148.02	143.43	122.96	152.07 (20/5)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	520.02	—0.2	9.98	6.25	11.87	11.36	521.13	519.15	515.51	509.65	412.15	521.13 (21/5)	281.68 (2/1)	555.37 (23/7/73)	84.68 (25/6/62)
45	Teas (10)	89.97	+0.1	21.40	8.89	5.94	5.49	89.89	89.57	88.37	88.37	105.82	89.97 (22/5)	76.76 (10/1)	121.47 (1/5/72)	59.72 (17/10/74)
46	Coppers (3)	456.93	+2.7	42.98	16.53	2.33	2.33	445.06	442.25	440.85	444.69	399.89	430.46 (28/2)	274.38 (22/1)	567.78 (13/7/73)	94.08 (29/4/68)
47	Mining Finance (11)	139.16	+2.2	8.76	3.79	12.44	12.41	136.12	135.93	134.26	132.62	104.76	139.16 (22/5)	80.58 (22/1)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	110.96	+0.2	9.19	7.47	14.01	12.04	110.77	109.66	107.88	108.65	95.76	110.96 (22/5)	58.94 (8/1)	126.43 (12/1/73)	54.56 (27/5/71)
49	Overseas Traders (13)	246.32	—	14.11	3.53	9.02	8.99	246.32	252.23	245.38	240.30	—	252.23 (20/5)	97.37 (6/1)	252.23 (20/5/75)	97.37 (6/1/75)

Fixed interest (Thurs., May 22). The low and high dates printed under each figure follow it in brackets.

	FIXED INTEREST	Index No.	Yield %	Wed. May 21	Tuesday May 20	Monday May 19	Friday May 16	Thurs. May 15	Wed. May 14	Tuesday May 13	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield		15.10	15.10	15.09	15.20	15.18	15.18	15.17	15.28	13.96	—	—	—	—
2	20-yr. Govt. Stocks (6)	46.91	†13.79	47.03	47.05	47.07	47.13	46.98	46.91	46.79	52.05	53.09 (20/3)	38.27 (3/1)	115.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	45.60	[illegible]	45.60	45.55	45.64	45.26	45.23	45.18	45.18	48.83	50.68 (21/3)	37.01 (3/1)	113.45 (25/10/63)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	43.09	16.07	42.90	42.90	43.77	41.75	41.75	41.75	41.75	45.94	46.57 (25/3)	35.35 (3/1)	114.41 (13/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	59.07	15.94	58.45	58.05	57.88	58.01	57.95	57.93	57.82	59.95	66.98 (20/3)	48.36 (3/1)	114.96 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Dates	Base Value	Section or Group	Base Dates	Base Value
Overseas Traders	31/12/70	100.00	Miscellaneous Financial	31/12/70	120.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	128.06	Insurance Brokers	29/12/67	96.62
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	153.74	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20			

† Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p, Commonwealth 18p, Foreign 22p.

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	12	......	Gardiner Sons	11	......	Sheff. Refrshmt	150	......
Ash Spinning	37	......	Gardner (L.)	61	+1	Shiloh Spinn.	28	......
Bertam	15	......	Graig Ship £1	460	......	Sindall (Wm.)	45	......
Brady Ind. "A"	54	+1	Hallam Sl. 10p	9	......	Vincent (H.)	85	......
Bri'ntn Est. 50p	140	......	Higsons Brew	87	+2	IRISH		
Clover Croft	35	......	Holt Joseph 25p	180	+5	Alliance Gas £1	35	......
Craig & Rose £1	515	......	IOM Steam £1	110	......	Carroll (P.J.)	115	......
Dundee Crm £1	180	......	Kleen-E-Ze	30	+1	Clondalkin	60	......
Dundee Ice £1	295	......	Lovell's Ship £1	130	......	Concrete Prods.	70	......
Dyson (R. A.)	39	......	Nthn Goldsm'th	70	......	Goodbody (£1)	38	......
Ellis & McHdy	57	......	P.M.A.	35	......	Helton (Hldgs)	38	......
Evans Frdk 10p	51	......	Pearce C.H.	60	......	Irish Distillers	71	......
Everest	12	......	Peel Mills	18	......	Irish Wire Bd.	40	......
Fife Forge	48	......	Richards 10p	10	......	Jacob	53xd	+3
Finlay Pkg 5p	16	......	Robb Cal. 5p	54	—2	Sunbeam	13	......
Fr'r & Reed 50p	91xd	......	Swire Con 12½p	4	......	Unidare	68	—2

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	16	281	+ 7	283	118
Sun Alliance 'New'	Nil/pd.	11	122*	—	130*	120*
Cons. Gold Fields	25p	10	290	+10	290	188
Courtaulds	25p	10	127	+ 3	128	53
RTZ	25p	10	199	— 3	211	80
Barclays Bank	£1	8	285	— 3	300	112
BATS	25p	8	323	— 2	337	164
Charterhall Fince.	5p	8	56	+ 1	56	17
EMI	50p	8	189	+ 1	196	62
MEPC	25p	8	164	— 6	231	64
Standard & Chrtd.	£1	8	480	— 5	500	210
Beecham	25p	7	298	+ 2	302	116
Boots	25p	7	260	— 5	276	91
Burmah Oil	£1	7	28	+ 1	100	27
Coalite & Chemical	10p	7	24½	+ 1	24½	9

Option Report—3-month Call rates

OPTION DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 13	May 27	Aug. 7	Aug. 19
May 28	Jun. 9	Aug. 20	Sept. 2
Jun. 10	Jun. 23	Sept. 4	Sept. 16

"Calls" were done in Lonrho, Babcock and Wilcox, MTE Control, Dunlop, Siebens Oil and Gas (U.K.), Tarmac, Hawkins and Tipson, Giltspur, EMI and Charterhall Finance. "Puts" were done in Hambros, Charterhall Finance and Barclays Bank, while "doubles" were arranged in Dunlop, BP, Lonrho, Giltspur and National Westminster Bank warrants.

Industrials		Grand Met.	10	Slater Walker	10	Mines	
		G.U.S. 'A'	20	Spillers	7	Anglo Amer.	42
A. P. Cement	20	Guardian	20	Tesco	6	Broken Hill Prp	65
Assoc. Leisure	3	G.K.N.	25	Thorn 'A'	25	Cast	9
Barclays Bank	35	Hawker Sidd.	25	Tube Invest.	30	Charter Cons.	40
Beecham	24	House of Fraser	10	Unilever	40	Chart'rh'll Fin.	7
Boots Drug	24	Hudson (Wllms)	5	Utd. Drapery	12	Cons Gold	[illegible]
Bowaters	17	I.C.I.	22	Vickers	18	De Beers Def.	20
B.A.T.	35	"Imps"	7	Woolworths	5	F. S. Geduld	400
British Leyland	1¾	I.C.L.	7			Great Boulder	56
British Oxygen	6	Inveresk	10	Property		Hampton Areas	10

[illegible]

FOOD PRICE MOVEMENTS

	May 22 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	820	800	800
British A.1 per ton†	815	795	795
Irish Special per ton†	815	795	795
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton¶	815	795	795
BUTTER (packet)			
NZ per 28 lbs†	9.87	—	9.87
English per cwt†	40.72-41.18	40.72-41.84	41.14-41.44
Danish salted per cwt†	42.10-42.50	42.10-42.50	41.72-42.50
CHEESES			
English cheddar white rindless 40-lb per cwt	43.15	43.15	—
NZ per 20 kilos	15.61	15.61	15.61
EGGS*			
Home-prod. Standard	2.10- 2.30	2.20- 2.60	3.40- 3.50
Large	2.70- 3.00	2.70- 3.00	3.60- 3.75
	May 22 per pound	Week ago per pound	Month ago per pound
BEEF			
Scotch killed sides (ex KKCF)	34.0—37.0	34.0—36.5	33.0—37.0
Eire forequarters	24.0—25.0	22.0—26.0	23.0—26.0
Argentine chilled rumps	—	—	—
LAMB			
English	38.0—42.0	40.0—44.0	38.0—44.0
NZ 2s-Ds	29.5—30.0	29.0—29.5	29.0—30.0
PORK (all weights)	24.0—35.0	23.0—34.0	23.0—34.0
MUTTON			
English ewes	12.0—13.0	12.0—13.0	12.0—13.0
POULTRY			
Broiler chickens	23.0—26.0	23.0—26.0	22.0—25.0

* London Egg Exchange price per 120 eggs. † Delivered. § London and National Provision Exchange price. ¶ For delivery May 17-24. ** FMC price.

FINANCIAL TIMES SURVEY

Friday May 23 1975

مكتبة الأصل

YUGOSLAVIA

Despite internal troubles and pressure from outside, Yugoslavia has consolidated its unique self-management system and preserved its independence—from East as much as West. But with firm measures now needed to put the economy straight, the country faces austere times.

Driving along a zigzag course

AN EXPERIENCED observer of the Balkans recently described Yugoslavia as a car driving along a narrow road with deep ditches on either side. Like all cars, it doesn't steer a dead straight course. But whenever it veers one way or the other, the driver tends to overcorrect, and the car spends a lot of time on a zigzag course, just missing both ditches.

If we take one ditch as being the Soviet bloc and the other the western bloc, the rest of the analogy falls into place quite easily.

After a couple of years of hectic zigzagging, Yugoslavia is back in the middle of the road again, its last zag having been distinctly in the Soviet direction. The political upheavals the country went through in 1972-73 are now over. But the stern remedies employed by the League of Communists earned Yugoslavia a Moscow-type reputation in much of the West.

This was reinforced when President Tito went to the Soviet Union and was warmly received by the Russians who paid a return visit to Belgrade. The overflight rights granted to Soviet supply aircraft during the last Middle East war were also taken as evidence of Yugoslavia's alignment with Soviet foreign policy.

Most recently the trial and conviction to seven years' jail of the writer Mihail Mihailov for "hostile propaganda" against Yugoslavia was seen as confirmation of an ominous trend, especially when Mihailov's two lawyers were later accused of having defended their client with too much zeal. But other events have not borne this out.

Hot on the heels of the Mihailov episode came news of criminal investigations into a group of Stalinists, the tag used to describe pro-Moscow activists and critics of Yugoslavia's non-aligned course in foreign affairs. These and other "Cominformists" were also jailed proving that the Soviet ditch was being avoided as carefully as before.

The Russians themselves then gave Belgrade a chance to assert its independence. Just before the 30th anniversary of VE-Day two Soviet generals pointedly ignored the Yugoslav partisans' contribution to the defeat of Nazi Germany. This provoked a wrathful response from President Tito which can have done little to improve cordiality between Belgrade and Moscow.

Solidarity

A more topical matter, though, is providing the best evidence that the Yugoslavs still refuse to be dictated to by the Russians. This is the proposed Conference of European Communist parties, being organised on Soviet initiative as a massive show of socialist solidarity.

Yugoslavia has rejected any attempt by Moscow or its allies to use the conference as a means of imposing a common programme on all participants. Moscow has denied that this is its aim, but statements by other East Europeans, notably the Czechs, have been enough to arouse Belgrade's suspicions. The Yugoslavs did not attend a recent preparatory meeting in Berlin, prompting reports that they had dropped out altogether.

But later Mr. Aleksander Grlickov, a top Communist official, went to Moscow on what was seen as a mission to patch up differences and reach some kind of compromise. The Yugoslavs will only participate, they have stated, if individual Communist parties are to be permitted to travel their own roads, and it now remains to be seen whether Moscow is able to yield on this point. For its part, Belgrade is unlikely to make any concessions, preferring to boycott the conference altogether.

There is a difference, of course, between the line Yugoslavia takes in foreign affairs and the way it handles its internal problems. Non-alignment internationally need not mean tolerance at home, any more than a tough stand against internal dissent implies a shift towards Moscow. But the Mihailov trial was a puzzling episode, and as senior Yugoslav party officials have apparently admitted, the sentence was unnecessarily harsh.

However, things at home are not easy just now. Having tied up the political scene, Belgrade is faced with steadily worsening economic trends which could cause social tensions. Why, it may well be asked, should Yugoslavia's problems be any worse now when its economy has been showing signs of strain for nearly two years?

As the next article analysing the economy shows, the main reason why living standards have improved in spite of everything is that the Government adopted in 1973 a policy of growth at any cost. Remarkable results were achieved. Industrial output rose by double figures each year, real wages caught up with the lag caused by the cuts imposed in 1972-73, and job creation exceeded the birth rate. But the price was a widening trade gap which reserves were increasingly unable to cover, and one of the highest rates of inflation in Europe, now over 30 per cent. a year.

With some reluctance one imagines, the Government recently came to the conclusion that this high price could no longer be paid. Measures are now being taken to damp the economy down. According to planners in Belgrade, employment will be cut, real wages will slow down, and a brake will be put on public service spending. Extra tax is also being levied on many consumer goods. In other words, the cushioned consumer who has been oblivious of his country's economic woes, is suddenly to be faced with the bill. And under the Yugoslav Government system, where there are no sophisticated instruments for breaking the bad news gently, this bill will be thrust rather brutally under the man in the street's nose.

Quite what the effect will be is hard to gauge, but the public's response is unlikely to be enthusiastic. Unemployment is already running at 450,000, roughly double the rate in Britain, and with inflation showing little sign of abating, there could be considerable hardship in the land, especially since there is a determination in Belgrade that this time the measures will bite.

It is a weakness of the Yugoslav self-management system that the Central Government has abdicated all but a few basic functions and cannot pull the throttle back gently or coax the economy along with fine tuning. It is either helpless or obliged to use a sledgehammer. There are signs though that things are changing.

A greater emphasis for instance is to be put on planning. Under a new law Yugoslavia is to have a more detailed ten-year plan than before, incorporating a five-year plan. And though planners will not be able to dictate quotas and targets like Comecon, enterprises and industrial sectors will be encouraged to think things out in greater detail and co-ordinate their activities.

One of the instruments for this will be the Yugoslav Economic Chamber which acts as the link between Government and industry.

Uncertainties

According to Mr. Kiro Gligorov, President of the Yugoslav Assembly, greater attention to planning has been forced on Yugoslavia by current economic uncertainties, the implication being that ideally Yugoslavia would like to carry on as before. But as other leading Yugoslavs have said, with the main economic responsibilities now lying with workers in their self-management groups, it is a question of educating these men in what's best not just for their enterprise but for the country as a whole.

Some foreign observers, though, have seen evidence of the genuineness of Yugoslav self-management in the country's economic woes. If self-management was just a facade, as critics often claim, the Belgrade Government or the League of Communists are unlikely to have let things get quite as bad as they have before taking remedial, centralising steps which can only infringe self-management rights. And perhaps bad overall investment patterns and the like are the best evidence available that it is the factory councils and not the Government who are taking the decisions.

David Lascelles
East Europe Correspondent

BASIC STATISTICS			
AREA:	98,766 sq. miles	**FOREIGN TRADE (1974)**	
POPULATION:	21.3m.	Imports:	128.2bn. Dinars
CURRENCY:	£1=38.67 Dinars	Exports:	64.7bn. Dinars
		Imports from U.K.:	£83m.
		Exports to U.K.:	£30.6m.

Economic brakes are applied

IN MANY respects the Yugoslav economy has done surprisingly well in the past 12 months, given the gloomy state of world affairs. But though its strong points, like the growth of industry, employment and agriculture continue, its weaknesses are beginning to show through more and more, forcing the Government to concentrate on what are seen as worrying economic trends. Some new, possibly quite stern, measures are due any time now to cope with these, the general aim being to damp down consumption.

But first the good news. Last year industrial production rose 10.7 per cent. and employment 4.9 per cent. Agricultural production was at record or near record levels, and these trends continued in 1975: in the first three months industrial output was 9.2 per cent. higher than the same period last year.

This was partly due to decisions taken in the mild slump of 1973 when inflation increased despite wage and prices freezes, and employment fell. The Government decided to go for "dynamic growth," even if this weakened the struggle against inflation, and it relaxed credit and monetary policy.

On balance, this decision proved right since it helped create the near boom Yugoslavia has enjoyed in the last year and a half. There have been more jobs and higher personal incomes (in 1974 real wages rose 6.2 per cent., more than compensating for the fall in real wages in 1972-73). And this enabled Yugoslavia to weather a difficult time which included dearer oil and raw materials, obstacles to foreign trade, the return of a number—fortunately small—of Yugoslavs working abroad, and a drop in tourism.

Deficit

But damage was also being done. In 1974 inflation rose from 19 per cent. to 29.2 per cent. The balance of trade and payments deteriorated considerably with exports at $3,805m. and imports at $7,542m. leaving a trade deficit of $3,737m., almost as large as total exports, and double what it was in 1973. Better foreign exchange earnings from tourism, despite the drop in trade, from remittances of workers abroad, shipping and other transport, and construction work abroad reduced that deficit to $1,239m. against a surplus of $221m. in 1973.

So far this year there has been no improvement in inflation or exports. Retail prices in March were 32.1 per cent. higher than last year and in April they were 31.7 per cent. up. In the first quarter exports fell 12 per cent. in real terms, but imports also fell—by 5.1 per cent. The destructive effect of inflation, is now becoming apparent. It is holding up the planned restructuring of the Yugoslav economy, which was to have made it better organised, more productive and more competitive abroad. It is also eroding the trade position and stopping the process of imports liberalisation. But there are other worries too.

Industrial production itself, though still vigorous, is slowing down. The rate of increase in January-February of this year was 10.3 per cent. above the level 12 months ago, in March 9.2 per cent. with indications that in April and May there has been further deceleration. To

CONTINUED ON NEXT PAGE

YUGOSLAVIA II

SIX REPUBLICS, two scripts and numerous religions and languages make Yugoslavia one of the most diverse states in Europe to-day. Sometimes this causes stresses and strains like the Croatian nationalist upheavals four years ago. But the Federation, formed after the last war, has now survived 30 years, long enough for it to be said that Yugoslavia has put down the roots of cohesion.

Much of this is undoubtedly due to the force of its leader Josip Broz Tito. But unlike other countries which owe everything to one man, Yugoslavia has been careful to build up a complex federative structure which its leaders hope will survive Tito, and his successors.

This hope is based on the way the structure shares out power equally between the republics (Serbia, Slovenia, Croatia, Bosnia-Herzegovina, Macedonia and Montenegro) and Serbia's two autonomous provinces (Vojvodina and Kosovo) regardless of size and wealth. Each has one man on the collective party and government presidencies, and each handles most of its internal domestic and political affairs.

But alongside decentralisation, Tito and his League of Communists have worked vigorously to instil a sense of national unity in Yugoslavia. Bearing in mind the contrast between an impoverished Kosovo peasant and a wealthy Slovenian factory manager, this is no easy task, but it is seen as vital if Yugoslavia is to be held together.

Motorists driving through Yugoslavia will not see signs marking republican borders—just one way dangerous "nationalistic" feelings are gently repressed.

Only time will tell how successful this will be. But one of the most pressing tasks is the elimination of regional disparities, in many ways a greater threat than political rivalries. With the level of wealth in the north five times that of the south, glaring inequality and the dissatisfaction that goes with it is a running sore.

The Government is grappling with the problem. A regional development fund was set up with money from the richer republics, which has been put to good use. The officially underdeveloped regions, Kosovo, Bosnia-Herzegovina, Montenegro and Macedonia, also get tax concessions and other benefits which are gradually building up infrastructure and dragging their economies forward.

But progress is slow. To catch up with Croatia, Kosovo needs to develop at three times the speed, and this is simply not possible. Also—and this rankles in the south—the development fund offers loans, not grants. Nobody is making any predictions about when the gap will narrow, especially since it is now in some cases widening. But it is a source of constant concern.

As the following articles describing the individual republics show, the story of Yugoslavia to-day is largely one of regional disparities. But it is also of strong contrasts, between the Alpine peaks of Slovenia and the Mediterranean blue of Montenegro, or the orchards of Serbia and the mountain lakes of Macedonia, or industrial Zagreb and Sarajevo's minarets.

Yugoslavia's biggest republic stretches down the eastern border, with the top half sharing in the wealth of the industrialised north, and the south still struggling with a legacy of backwardness.

Serbia's contrasts

SERBIA, DESCENDED from the old kingdom of Serbia and seat of the Yugoslav capital, Belgrade, is the federation's largest republic both in terms of territory and population. It occupies most of eastern Yugoslavia and lies astride its five great rivers, the Danube, the Sava, the Drina, the Tisa and the Morava, all of which meet around Belgrade before plunging on together as the Danube through the Iron Gates into Romania.

But Serbia is not Yugoslavia's most advanced republic. If anything it is its most average, and many of its statistics are identical for those of Yugoslavia as a whole. Lying between the developed north and the backward south, Serbia shares the characteristics of each, though even within Serbia itself there are big gaps between the rich Vojvodina region close to Hungary and poor Kosovo beside Albania.

Serbia emerged from the last war a largely peasant country, but generally speaking industrialisation has been quite rapid, as a glance at the last decade shows. Industry's share of total production increased from 29 per cent. in 1965 to an estimated 35 per cent. in 1975. Power production increased nearly five times; production of copper, sulphuric acid, fertilisers, viscose fibres, cement and tractors more than doubled, and that of lorries trebled and of passenger cars more than quadrupled.

Agriculture did less well, achieving an annual rate of only 3.3 per cent. and failing to take advantage of Serbia's natural resources. But infrastructure improved. Roads and railways have been modernised and a few new ones added (Belgrade-Bar and Cacak-Pozega), electrification has progressed and a network of gas pipelines is being constructed. River navigation has been neglected however.

Tourism is promising. Serbia has many things to offer, from its cities and monasteries to its mountains, rivers and spas. Facilities have sprung up everywhere and visitors stay longer instead of pushing straight on to Greece or Turkey.

But one of Serbia's main tasks is to iron out uneven development between north and south, and this means bringing the south on. It should be mentioned here that Vojvodina and Kosovo are autonomous provinces within Serbia. This is for a number of historical and social reasons.

As late as the start of this century present-day Serbia was split up between the Kingdom of Serbia, Turkey and Austria-Hungary. This division left its mark on culture, traditions and economic development which were recognised with the creation of autonomous provinces.

In Vojvodina the second largest population group, after the Serbs, are the Hungarians, but there are also Croats and other South Slavs, Romanians, Slovaks, Ukrainians and Russians, and a few Germans and Jews. In Kosovo the majority are Albanians, followed by Serbs, Montenegrins and Turks. In two communes of Serbia proper, Bulgarians are in the majority.

These various nationalities are entitled to their own schools. Press, radio and TV programmes, courts and administration, all conducted in their own language. Street names, firms, and signs are often bi-lingual, and in the case of Vojvodina Assembly there are signs in five languages.

Vojvodina was immediately after the war the second richest Yugoslav region, after Slovenia. Those were pre-industrialisation days and Vojvodina was the granary of Yugoslavia. With the industrialisation of other regions partly at the expense of agriculture (strategic reasons playing a role) its development was delayed. This is now to be remedied. Industrial production is planned to increase by 10.3 per cent. a year in the next medium-term plan. Priority will be given to industries considered capable of transforming the economic structure of the province like oil processing, chemicals, food processing, and some sectors of metal processing. Vojvodina will still end up an industrial-agrarian economy, but at a much higher level.

Kosovo is a special case in Yugoslavia's development efforts. At the end of the war it was perhaps the least developed region of Europe, and though a lot has been done in 30 years, the gap between Kosovo and other regions of Yugoslavia is still large. This is not so surprising, because while Slovenia needs an annual growth rate of only 8 or 9 per cent. to increase GNP by \$100 a head Kosovo needs some 35 per cent. Its per capita social product is still only 34.6 per cent. of the Yugoslav average.

Kosovo has been getting 30 per cent. of the Federal development fund which is financed with contributions by each republic and province from 1.84 per cent. of their social product. In addition, Kosovo gets extra help from the federal budget for social and other services.

Skilled

But despite all this Kosovo has only achieved a growth rate 36 per cent. above the Yugoslav average. Opinions differ as to why this is so: whether Kosovo's absorption capacity is limited, or whether skilled personnel are scarce.

Kosovo is by no means poor, and its development is in the interest of Yugoslavia as a whole. For instance, established coal reserves amount to some 10bn. tonnes. Power stations of 12,000 MW could be constructed, generating 60,000m. kWh. a year. The province is rich in non-ferrous metals, like lead and zinc (70 per cent. of Yugoslav reserves, which in turn are 35 per cent. of European reserves) and nickel.

But it would be wrong to leave the impression that Kosovo has made no strides at all. Its towns and industrial centres would not be recognised by someone who left 15 or 20 years ago. And for the first time there are schools for Albanian children, that is two thirds of the total. The university in Pristina, the province's capital, which is the youngest university in Yugoslavia, has more than 30,000 students, mostly Albanians.

Nor should isolated cases of nationalism obscure the fact that for the first time in history the peoples of Kosovo are living in comparative harmony. Kosovo also plays an important role in improving Yugoslavia's relations with Albania. There is growing trade between the two, and university professors have been exchanged.

Aleksandar Lebl

Brake

CONTINUED FROM PREVIOUS PAGE

some extent this could be good and damp down imports. But only if it does not go too far.

Investments, especially non-productive ones, have risen to intolerable levels, housing being an exception. What is worse, finance has not been secured for all of them, or for their completion, with the risk that projects will not be finished but will freeze considerable resources. In the past the fact that a project was started was the best argument for getting more funds to finish it. This must now stop, insists the leadership.

Social spending has also been rising fast, mainly because it is hard to control and any check would mean cuts in social services which are considerable, including as they do free medicine, education, health protection, pensions and so on. But the high level of spending here is one reason why enterprises are so short of funds.

These and other disquieting trends have been deeply worrying the Yugoslav Government and the political leadership. But the man in the street still does not feel the pinch, making it incumbent on those who understand the situation to convince workers, managers, and even politicians, that grave dangers lie ahead and that changes will have to be made if these are to be avoided. The appeal this week from the Presidency of the Central Committee of the League of Communists was a step in this direction.

This will be supplemented by legislative moves. A package is already being discussed in the Assembly and is due for adoption this week. In June there will be two more bills, aimed at limiting consumption, and putting a brake on non-productive investments. In addition, the Federal Government increased excise tax for a number of articles on May 15.

Much has been expected from self-management agreements and social compacts in the field of prices and consumption. But they have so far not been very effective, and there are moves to ensure that those who do not stick to them are made responsible for the consequences.

Aleksandar Lebl
Belgrade Correspondent

Croatia

Yugoslavia's major hard currency earner with a well-developed industrial sector and a coastline ideal for shipbuilding and tourism. Nationalism, once a threat to Yugoslav unity, appears to have subsided.

THE SOCIALIST Republic of Croatia is the second largest in area and population of the six republics of the Yugoslav Federation. At the 1971 census its population was 4½m., of whom 79.4 per cent. were Croats and 14.2 per cent. were Serbs.

Croatian territory includes the historic province of Croatia-Slavonia which extends from the capital, Zagreb, down the Sava valley to the Pannonian lowlands of the central Danube Basin and was for centuries linked to Hungary.

But it also includes Dalmatia, essentially a Mediterranean land whose cities—Split, Dubrovnik, Zadar, Sibenik—were developed in the Graeco-Roman tradition, and later came under Venetian influence. Their way of life has little in common with the Central European traditions of Zagreb. During the 19th century Dalmatia came under Austrian rule, while Croatia-Slavonia remained linked to Hungary. In the inter-war period Zadar (Zara), Rijeka (Fiume), the Istrian peninsula and some of the islands were ruled by Italy.

But despite these geographical and historical differences, the peoples of these two parts of Croatia have much in common—their language, their Roman Catholic tradition and their strong feelings of national identity.

The Serbian minority is concentrated in a few areas of Croatia. Some of the villages along the Bosnian border and in the hinterland of northern Dalmatia record percentages of Serbs of well over 75 per cent. This is the region of the old "*military frontier*," which the Hapsburgs established to keep the Turk at bay in the 16th century, and in which Serb warriors were induced to settle.

Croatia contributes more towards the Yugoslav balance of payments than any other republic. This is not because of any special virtue inherent in the Croats (although some of their nationalist leaders imply this), but because of Croatia's geographical advantages. The 400 mile long Dalmatian coast, with its thousands of rocky islands, draws millions of tourists from the affluent industrial nations of Western Europe. The completion of the Adriatic Highway in the 1960s coincided with a relaxation in the petty restrictions which had previously inhibited the tourist industry. Isolated fishing villages became overnight staging posts on the route from Munich to the sun, and motels, camp sites, private guest houses and restaurants mushroomed on any piece of ground where there was room to build. The tourist industry now earns over $700m. a year, most of it in hard currency, and most of it paid in Dalmatia.

Emigration

But Dalmatia has been a land of emigration too. It now contributes greatly to the flow of *Gastarbeiter* who leave to seek work abroad mainly in Germany, Austria and Sweden. So great has been the flow from Croatia that fears have been voiced of demographic decline. In 1971, 5 per cent. of the population of Croatia were temporarily working abroad, a higher proportion than from any other European country except Portugal. In 1973 the remittances of *Gastarbeiter* contributed over $1.2bn. to the Yugoslav balance of payments, and the Croatian contribution was larger than that of any other republic.

In addition Croatia's industry leads the Yugoslav export drive. Its long coastline means that almost all of Yugoslavia's earnings from the shipbuilding industry can be credited to Croatia. Rijeka is by far the largest commercial seaport in the country, handling more than twice the volume of goods of its nearest rivals, Koper and Split. It is also the largest shipbuilding centre. The yards extend beyond the confines of the town, to Kraljevica and Bakar, ten miles to the south. Split, in central Dalmatia, has an important shipyard, capable of handling ships of up to 100,000 tons, and there are smaller yards of Gruz (Dubrovnik), Sibenik and Trogir.

Inland in Croatia-Slavonia there are export oriented industries in many fields, from heavy engineering to household electrical goods and textiles.

Zagreb, a city of 600,000 on the Sava, is the home of Yugoslavia's largest trade fair, which attracts thousands of Western representatives. The Zagreb region contains one of the most important industrial concentrations in Yugoslavia.

Croatia is not rich in fuel and power resources. There is a small coalfield at Rasa in Istria—one of the few in Yugoslavia producing good quality bitumenous coal. Dalmatia has hydro-electric potential in the streams originating in the 5,000 feet mountains between the Adriatic coast and the Bosnian border, and a number of schemes have been initiated, the most important of which are along the river Cetina, which reaches the sea via an impressive gorge near Omis, a few miles south of Split. Hydro-electric power is used in Dalmatia in the refining of bauxite, large deposits of which occur in the Sibenik area and along the Cetina valley.

Although Croatia is one of the most industrialised of the Yugoslav republics, almost a third of its people live in rural areas, and agriculture plays an important part in the economy.

The best farming areas are the lowlands of Croatia-Slavonia and the rich soils of the Sava valley. In many river areas crops are badly affected by flooding, but large-scale drainage works are in hand to ensure that the crops of wheat, maize, sunflower and sugar beet do not suffer from periodic inundation. Last autumn the Yugoslav Army was mobilised to rescue part of the threatened harvest. On the slopes above the Slavonian plains, vines and apples are grown. Peasants *from the countryside around* Zagreb and the larger towns concentrate on fruit and vegetable production for sale in the open street markets. Most of Croatia's farmland is in private hands, and with the help of relatives working abroad many have been able to buy tractors and farm machinery to improve their efficiency.

Various forms of co-operative farming are practised, mainly in Croatia-Slavonia. Large *agro-kombinats*, some working through agreements with private farmers, and others owning their own land, handle the whole operation from field to processing plant or retail shop.

The Croats are a proud people, who have not always found it easy to work in harmony with their Serb neighbours. They have historic memories of their former independence, and of their different cultural and religious traditions, and they are quick to detect any hint of Serbian hegemonistic tendencies.

Nationalists

In the late sixties a sense of economic exploitation led some Croat leaders to demand a greater degree of economic independence within the federation. One particular grievance was that only 10 per cent. of their foreign currency earnings were retained within Croatia, the rest being deposited with the Federal banking system centred in Belgrade. The retention quotas were the same for all republics, but Croatia, as the major foreign currency earner, felt the pinch more than others. More extreme nationalists used these grievances to make demands which would have led to the break-up of Yugoslavia. Some argued that Croatia, with her size and her varied economy, could survive as an independent state. After noisy student-led demonstrations in Zagreb in November, 1971, the League of Communists, supported by the army and the power of the federal authorities, clamped down. There was no evidence of mass support among the workers, but some evidence of nationalist ambitions among intellectuals and politicians. The Croatians communists were purged, and a new leadership installed. Some concessions were made—especially over the retention quotas. There were dismissals of academics, journalists and officials.

The Croatian situation is complicated by the presence in Austria and Germany of supporters of the extreme nationalist *Ustase* movement, which is capable of acts of terrorism within Yugoslavia and of intimidation against Croat workers abroad. The authorities are keeping a close watch on any manifestations of Croat nationalism. The new constitutions for both the State and the League, passed in 1974, will make a repetition of the events of 1971 extremely unlikely, even assuming that a substantial number of Croats would again wish to embark on such a course.

Fred Singleton
Department of Yugoslav Studies, University of Bradford.

Macedonia progress

A republic noted for thrift and hard work making up for centuries of division and neglect. Macedonians are making the most of their freedom to express a national identity.

TO-DAY'S MACEDONIA has nothing to do with Alexander the Great's State. In the 2,500 years which separate the two, many peoples have come and gone. But some 15 centuries ago the Slav forefathers of the present Macedonians arrived from the north-east and settled in a region much wider than that now populated by Macedonians in Yugoslavia, Bulgaria, and Greece. They partly merged with tribes they found here, and with those that came later. Except for a short time a thousand years ago, they had no State of their own, until those who lived in Yugoslavia won independence after liberation from the German, Bulgarian, and Italian occupiers in World War II.

Until that time, Macedonians were looked on not as a nation but as Serbs, and their country was called Southern Serbia, reflecting the fate of a people situated at the crossroads of the Balkans and competed for by Serbia, Bulgaria, and Greece. In 1912 when the Turks were defeated by a coalition of Balkan Christian States, Macedonia was divided between the three victors who pretended that Macedonians were Southern Serbs, or Western Bulgarians, or Slavophonic Greeks. In all three States they were denied the right to schools, newspapers and books in their language, and even to their family names.

The emergence of the republic of Macedonia within the Yugoslav Federation was a great step for the Macedonians towards achieving national identity, a fact which is reflected in the immense resources they have ploughed into education and culture. Now one of the leading Yugoslav republics in this field, it has theatres, newspapers and books all flourishing in the Macedonian language, though none is more than 30 years old.

Neighbours

But earlier divisions live on. The famous Macedonian question is a constant source of friction between the republic and its neighbours Bulgaria and Greece, both of whom have Macedonian minorities which they refuse to recognise. Macedonia is careful to point out that it has no territorial claims on these countries; all it wants is minority rights for people of Macedonian origin.

Since 1945, Macedonia has also progressed from being a backward, largely agricultural region. Social product has risen per cent. a year in real terms, and production has increased five times, with industry leading at an annual rate of 12.3 per cent. The pattern of the economy has been changing as industrial production, which accounted for only 14 per cent. of total output in 1947, increased its share to over 35 per cent. in 1973. A number of large projects were completed in energy generation, basic metals, chemical industry, non-ferrous metals, and steel processing.

Agriculture has also improved its production and pattern. Best results have been in poultry and pig raising, with less impressive results in cattle and sheep rearing. A state sector was created, consisting of several large and modern agro-industrial combines, farms and co-operatives. Private farmers who still own the bulk of the land, have also been improving their performance.

Foreign trade has been gaining ground. Its total value was $350m. in 1973 prices, and exports now represent almost one-fifth of the social product and amounting in 1973 to $93 per capita. Other foreign exchange earners like tourism, transport and construction work abroad, play an increasingly important role and in 1973 reached some $40m., or about one-quarter of export earnings. In the immediate post-war years tobacco was dominant in exports. That place is now occupied by industrial products with 78 per cent. of all exports.

Part of all this has been achieved through hard work and thrift for which Macedonians are famous. But help has also come from more developed republics, who, along with international agencies were specially generous when Macedonia's capital, Skopje, was completely destroyed by earth*quake on July 26, 1963*. Skopje has now been re-built as a bigger and a better place to live.

Not everything is rosy in Macedonia, however. A major problem is the low rate of growth which is still below that needed to catch up with the more developed republics. Although Yugoslavia as a whole is rated a developing country, it was agreed that republics and autonomous provinces with a per capita social product less than two thirds the Yugoslav average should get development aid. Macedonia has just crossed that line, with a social product 67.3 of the average. But the definition of underdevelopment may be revised.

Economic diversification is also inadequate. The economic structure is considered to be backward mainly because of the relatively low share of industry and sophisticated industries (textiles and tobacco still account for one third of all industrial production). In agriculture some projects, like land reclamation, have been delayed, holding up structural changes.

A heavy handicap is the energy shortage which has caused frequent interruptions and serious damage. Macedonia can only meet two fifths of its needs and the rest has to be imported mainly from Kosovo. In the next five to eight years the situation will get worse. Also, there are shortages in some raw materials, basic chemicals and some ferrous products.

Investments will play a key role in the future. Macedonia is eager to find them, either from within Yugoslavia or abroad—the need to create more jobs being a pressing factor. It is estimated that Macedonia can finance only 50 per cent. of the investment it needs, the rest will have to come from other sources.

Aleksandar Lebl

Energoinvest can do a great deal

THE GROUP VICE PRESIDENTS OF ENERGOINVEST. FROM LEFT TO RIGHT: Mr. A. Tukulj, Mr. Z. Primorac, Mr. B. Gulan, Mr. Z. Trklja, Mr V. Vukovic, Mr. A. Sirco

It might be easy to think of Energoinvest as a conglomerate. But acquaintance with the company programme reveals a more accurate picture. Energoinvest is a diversified organisation with over 1,500 products contained within four industries:

Electrical
Machinery
Oil and gas
Non-ferrous metals

In each field, Energoinvest carries out its own product and plant design and engineering work.

Conversations with six group Vice-Presidents, responsible for co-ordinating the production areas of Energoinvest, have revealed much about the company.

Question:

Professor Zimonjic, in addition *to your University Chair, you co*-ordinate the control system activities of Energoinvest. Please tell us about your reasons for taking on a double role and your responsibilities at Energoinvest.

Answer:

When I joined Energoinvest as a young engineer I faced the challenge of developing Yugoslavian production of automatic control systems and of establishing our own research base. There was very little money and an almost non-existent technological base.

Today, more than 160 graduate engineers are engaged in research, design and production. Several very complex automatic systems controlling complete technological processes are being produced, and relations with other organisations have been established. Joint projects with the Institute for Control Problems of the USSR, are an important beginning for our international scientific co-operation.

Today, our strength lies in the ability to programme control systems and turn the software quickly into a product. My role in Energoinvest is to further this unity in even more complex development and this is closely connected with my work in structural systems. Thus one can see that my scientific objectives are complementary in this dual engagement.

Question:

Mr. Primorac, you are responsible for organising the field of non-ferrous metals. What does this mean, bearing in mind that Energoinvest is best known for design and construction of power and industrial plants?

Answer:

Energoinvest started in this way, but today its activities have expanded into the exploration, excavation and processing of raw materials—specifically non-ferrous metals. The company itself is a consumer of base metals: zinc, aluminium, copper, nickel and products based on these. Also we have obtained concessions for extracting bauxite, copper, nickel, lead, zinc, antimony and manganese and some small companies which specialised in the research and exploitation of non-ferrous metals have been integrated.

This was only the beginning. Investment in new geological resources and programmes for raw material processing were created. The metals have wide applications and the possibility of substitution is negligible. Reserves in Yugoslavia and the world are limited, making them even more valuable. Energoinvest not only wants to do the extraction but also to undertake a wide spectrum of processing. The *metallurgy plant construction* is under way and some facilities are already completed. Thus Energoinvest will become involved with non-ferrous metals at every stage from extraction to final processing. However, mineral production capacity can grow much faster (bearing in mind the existing reserves and low capital investment) than the primary processing. We have the chance to encourage international co-operation to secure additional capital, and use modern technology in metal processing.

Question:

We know that Energoinvest is a producer of raw materials. You, Mr. Vukovic, supervise activities in aluminium. On what is the development programme for aluminium in Energoinvest based?

Answer:

As an answer I will give you several facts:

1. Deposits of bauxite in Yugoslavia amount to 4% of the world reserves and Energoinvest owns 58% of these. Today's exploitation in our five mines is of the high quality necessary for modern economic and technological standards. More than 80% of the production is by surface treatment.

2. The Republics of Bosnia and Herzegovina, in which most of Energoinvest's units operate, have vast hydro-electric potential together with more than 5 milliard tons of good-quality coal reserves.

3. The consumption of aluminium in Yugoslavia is on the increase but lags behind that of Western Europe.

4. The production programme of Energoinvest—electrical equipment, machine buildings, power transmission lines etc.—demands that traditional materials be substituted by aluminium, for technical and economic reasons. Based on these and other considerations Energoinvest is planning vertical integration of all phases of production — from geological research, bauxite extraction, alumina and primary aluminium production to final processing into metal.

Two Energoinvest alumina factories are being constructed with a total capacity of 900,000 tons per annum, together with an 85,000 ton electrolysis plant. Several factories for aluminium processing are also under construction. When these are finished the vertical structure of production and processing in terms of integration of technology and economy will be complete.

Question:

Professor Zimonjic spoke about control systems. We assume, Mr. Sirco, that the division of processing equipment production is automated. Could you tell us which activities are covered, or rather integrated, in your division?

Answer:

Energoinvest produces equipment and builds power and industrial plant as turn-key projects and we have established a reputation in Yugoslavia and abroad. With equipment produced in our own specialised factories and in co-operation with domestic and international companies, our engineering division builds complete plants for the following industries: Power and construction engineering, oil and gas, heating and ventilating, food processing, transport and areas of the chemical industry.

The modern organisation of this division ensures efficient results from contracting to commissioning of various plants. Some of the power plants and refineries we have built are: the power stations Kakanj I, II, III, IV, Tuzla I, II, III, IV in Yugoslavia, Kanpur and Kalakot in India, Makassar and Palembang in Indonesia, the Bosanski Brod oil refinery, and the Modrica motor oil refinery in Yugoslavia. We also have participated in the building of over 40 plants for the production of gas, plastics, phthalic acid anhydride and antibiotics: and oil drilling stations, breweries and food processing industries.

Our work is helped by our own specialised factories, whose production includes: energy converters of all kinds, turbine condensers, rectification columns for oil refineries and other chemical industries, reactors, autoclaves, pressure vessels, pressure tubes for hydro-electric power stations (delivered to the Jordan River project in Canada), as well as complete pipelines.

For production of high pressure vessels, our factory is listed in the Lloyd's Register (Welding First Class) and in the Yugoslav shipbuilding register class.

We produce industrial fittings for pressures up to 320 kg/cm² (for water and steam) according to European standards, fittings up to 600 lbs. (for oil and its derivatives) and also special fittings for oil drilling up to 5,000 lbs. according to American standards. Most are exported, to the USSR, Middle East countries and the USA. Also we produce air compressors, pistons for work up to 40 m³ per min. and rotary pumps up to 70 m³ per min. as well as specialised compressors for the processing industries and complete compressor stations.

We also make transport equipment for mining and power stations, rail wagons and containers. Two factories produce air-conditioning equipment and *industrial refrigerators*. All our products have been issued with Yugoslav and international first class technical certificates. We pay special attention to improving all production technology. This is helped by our own Research and Development Centre for fossil-fuel and nuclear technologies which has grown into a modern institute with the following activities: the improvement of techniques for the processing industry and energy conversion: development of welding techniques and material testing: analysis of energy cycles; component development: analysis of nuclear energy application; research in water pollution; research on corrosion, and the testing of equipment and machinery.

Question:

Energoinvest is renowned as a producer of power stations and transmission lines. Mr. Vasilj, please tell us why your products are in such demand.

Answer:

Without wishing to sound too boastful, we consider that we rank among the major companies in the world in this field, whereas in Yugoslavia we are unquestionably the leading company. We have obtained this status because of our experience in transmission and in the production of steel for pylons. We have achieved the most economical methods for power transmission and optimal construction of pylons.

Annual capacity of steel and zinc coated construction is 60,000 tons. All necessary testing of pylons is carried out by ourselves.

Our organisational methods have made it possible to deliver on time and maintain high quality. We have produced about 40,000km. of transmission lines for twenty countries including the USA and West Germany.

The Los Angeles Water and Power Department, the Bonneville Power Administration and American Electric Power have assessed equipment favourably and have placed us on their standing lists of suppliers. We have made two deliveries in the USA: 16,500 tons of construction for 430km. of 500kV transmission lines for Navajo and 1,300 tons for Bonneville.

Electrical equipment for low, medium and high voltage breakers under the name of Energomex are being produced. We operate a joint company with Iran called Energogar. Negotiations for more joint companies abroad are under way.

Question:

More than two decades ago electrical equipment was the reason for the existence of Energoinvest, Mr. Trklja. Please tell us what this means today in Energoinvest.

Answer:

Electrical equipment is produced in eight factories. There is an engineering unit and one for erection, testing and commissioning of equipment, and a research centre. The factories produce power transformers up to 145 kV and 50 MVA: electrical appliances (switches, circuit breakers, measuring instruments), high voltage conductors up to 420 kV; shielded equipment with air and SF_6 gas insulation up to 145 kV and porcelain for appliances up to 765 kV: insulated material based on phenol, formaldehyde and creosote resins and electrical equipment and motors for explosives applications.

Our own research and development centre, together with well equipped supplementary laboratories (high and low voltage transformers, electrical materials and transmission lines), takes care that production is up to the highest requirements of energy systems. The Centre collaborates with Westinghouse, Delle-Alsthom, Magrini etc. The value of the products and services planned in 1975 for all the units in this field is about U.S.$80m. Forty per cent. is for export to markets where Energoinvest has been established over a number of years: Sweden, Italy, Switzerland, Greece, USSR, Czechoslovakia, Poland, Indonesia, Malaysia, India, Pakistan, Iran, Iraq, Egypt, Libya, Sudan, Ghana, Nigeria and Mexico.

Some of the production units collaborate abroad. In Mexico a joint company for the manufacture of low and medium voltage equipment and high voltage circuit breakers (Energomex) is in operation. Energogar operates in Iran and we hope for more joint ventures.

Question:

Mr. Gulan, please tell us what Energoinvest is doing in the field of oil and gas. Is it a question of refining crude oil and processing the derivatives or are your interests broader?

Answer:

The field of oil and gas is relatively new in Energoinvest: It came into being with the integration with the "Hena" oil and gas industry. Even before this took place Energoinvest, being engaged in the design and building of energy plants, was producing oil and gas equipment. Mr. Sirco has mentioned the oil refineries in Bosanski Brod and Modrica. Within Energoinvest, Energopetrol carries out marketing for these refineries.

We are also engaged in oil and gas research in Bosnia and Herzegovina.

Together with Technip of Paris we have founded in Sarajevo a company named Petrolinvest for engineering design and construction, not only for oil and gas but also in the processing field.

We have formed a joint company with INA of Zagreb and Naftagas of Novi Sad for the construction of the Yugoslav pipeline, which will be completed by July 1978. This will supply refineries located on the mainland with crude oil.

We will also supply refineries in Hungary and Czechoslovakia.

Question:

All the products and services produced within Energoinvest are channelled to you, Mr. Tukulj, as Director for Exports. What is being exported and where is it going? Do you have any problems in finding markets?

Answer:

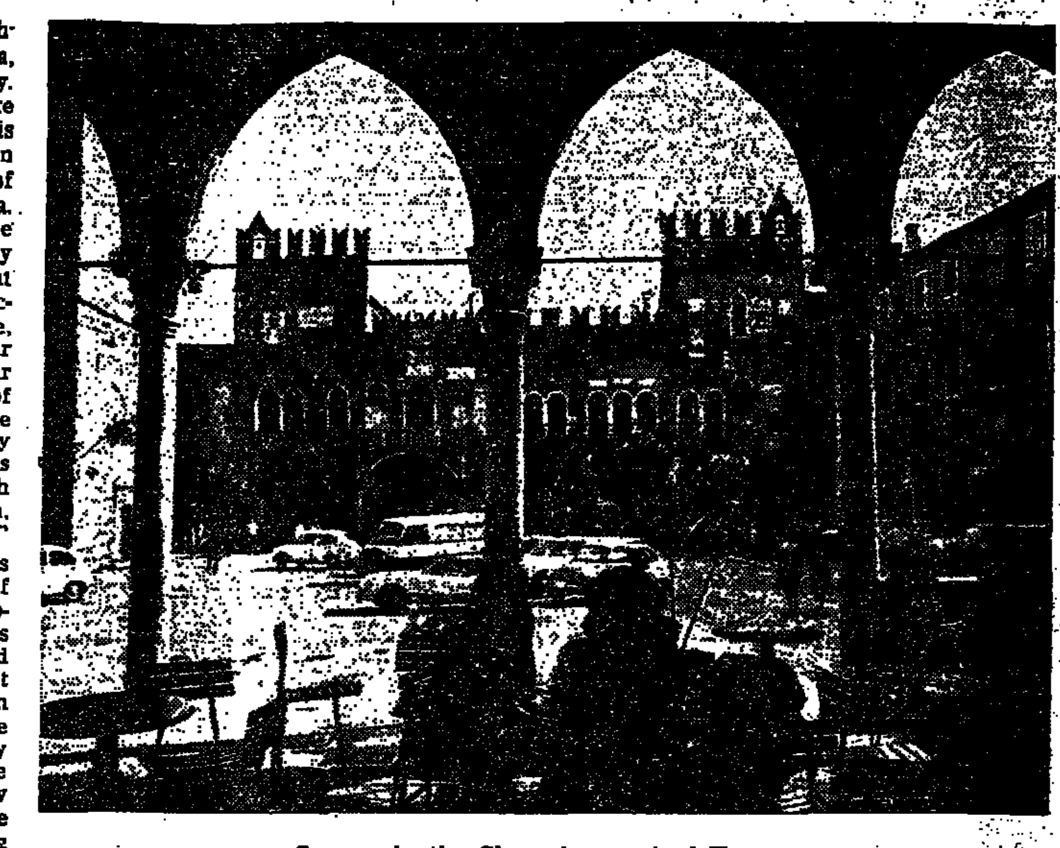
The export activity of Energoinvest has substantially helped its growth. Exports amount to 30% of the total production, with certain factories such as electrical and processing equipment accounting for 80-90%.

We export to many countries on all continents. We have buyers in Comecon, many developing countries, Western Europe and North America. Various forms of marketing are used—from direct sales and co-operation to the export of components through joint companies. We give full attention to these requirements, bearing in mind that our production range makes us attractive. Our export team tries hard to show the utmost flexibility and understanding in business relationships and we can safely say that so far we have had great success in our dealings.

Further information concerning this interview may be obtained from ENERGOINVEST, 71000 Sarajevo, Yugoslavia.

Astride one of Europe's vital communication lines, Yugoslavia's richest republic is reaping the benefits of early industrialisation and an efficient workforce. But historic disputes still overshadow its borders.

Slovenia's riches



Square in the Slovenian port of Koper.

SLOVENIA lies in the north-west corner of Yugoslavia, bordering Austria and Italy. Until the first Yugoslav State was formed in 1918 most of this territory was divided between the Austrian provinces of Carinthia, Carniola and Styria. For almost a millenium the Slovenes had been ruled by German speaking overlords, but they had retained their distinctive speech and national culture, though they acquired their Roman Catholic faith from their masters. During the period of foreign rule they may also have absorbed the reputed efficiency which causes their compatriots in the south to dub them, with a mixture of envy and sarcasm, "the Germans of Yugoslavia."

Slovene nationalism was stimulated by Napoleon's brief occupation of the Illyrian Provinces, but Slovene aspirations were to become more directed towards an autonomous unit within Habsburg Austria than an independent south Slav state led by Serbia. Fear of Italy rather than love of Serbia drove the Slovenes into the Yugoslav kingdom when it became obvious that the Habsburg Monarchy would not survive World War I.

Large minorities of Slovenes were left in Austrian Carinthia and the Italian borderlands when the frontiers of the Yugoslav State were drawn. The loss of these territories rankled with the Slovenes, especially when Mussolini's blackshirts began a campaign to Italianise their Slav citizens. After World War II the frontiers of Yugoslavia were advanced westward to the gates of Trieste, and thousands of Slovenes in the Julian Region were reunited with their countrymen. Slovenia also acquired a coastline, when Zone B of the Free Territory of Trieste was put under Yugoslav control. This strip, known as the Slovene Littoral, contains the seaport of Koper (Capo d'Istria), which now rivals Split for second place in the tonnage of cargoes handled, although both are far behind Yugoslavia's chief port, Rijeka.

Homogenous

Of all the republics of Yugoslavia, Slovenia is the most homogenous in its national composition. Ninety-four per cent. of its 1.75m. inhabitants are Slovenes, and only 3 per cent. of all Slovenes are found distributed across the other republics. No other Yugoslav republic has such a high concentration of one national group. There are small minorities of Hungarians in the north-east and of Italians on the Littoral and a sprinkling of Croats along the Croatian border. The Germans are no longer important, as most were either forcibly expelled or fled at the end of the war. A recent feature of the demographic picture has been the influx of Bosnians and Albanians, many of them Moslems, to work as unskilled labourers, especially in the booming Slovene building industry. Although total numbers are small, the presence of a few thousand of their Moslem brothers from the south sends apprehensive shivers through the cultivated middle class ladies of Ljubljana, many of whose menfolk work abroad in Austria or Germany.

Slovenia is the most industrialised republic of Yugoslavia, with only 20 per cent. of its working population engaged in agriculture. More than half the population lives in eight towns of more than 50,000, the largest of which are the capital, Ljubljana, with almost 300,000, and the industrial centre of Maribor, with 200,000.

Although Slovenia is the richest republic in the federation, with a per capita income twice the national average and five times that of Kosovo, the country is not particularly well-endowed with natural resources. There is some coal at Trbovlje, in the hills above the Sava valley between Ljubljana and Zagreb, and at Velenje north of Celje; an important mercury mine at Idrija in the Julian region; and some lead and zinc at Mezica in the Drava valley near the Austrian border. The old established iron and steel industry at Jesenice has long since ceased to rely on local ores. There is a good potential for hydroelectricity in the Drava and Sava valleys.

Ljubljana has developed a new range of engineering and electrical manufactures since the war in order to supplement the existing food, tobacco and furniture industries. Maribor is the home of the heavy vehicle industry, manufacturing trucks and buses with German and Czech engines at the TAM works, where during the war the Germans assembled planes: Kranj is the centre of the giant electronics combine "Iskra." and is also an important textile centre.

However Slovenia's lead is not accounted for solely by its industrial and other resources. Its historical experience under the Habsburgs at a time when most of Yugoslavia was occupied by the Turks, and its strategic position between the lowlands of central Europe and the head of the Adriatic also play a role. The routes from Vienna and the Danubian lowlands to Trieste ran across Slovenia, via Ljubljana (Laibach) and through the historic Postojna Gate. This is one of the vital lines of communication in Europe, which has since Roman times carried armies, traders and waves of migrants and colonists. It now carries a modern motor road which links the Austrian and Italian motorway systems along the line of the old Südbahn, the railway built a century ago to link Vienna and Trieste.

The Postojna Gate crosses the Julian karst, a limestone plateau linking two great chains of Alpine fold mountains. Southern and eastern Slovenia, along the Croatian border, is not as spectacular scenically as the northern Alpine region, but it contains large areas of natural woodland rich in wild animals. Bears and wild boar are still to be found in the forests around Kocevjb. Slovenia has much therefore to offer the tourist—especially those prepared to stray from the golden road to the Adriatic.

Pollution

Industrial Slovenia is limited to a few areas of lowland in the valleys of the Sava and the Drava. Unfortunately, where industrialism has spread to the upper valleys, pollution threatens the enjoyment of the mountain scenery. The steel works at Jesenice fouls the clear Alpine air with its choking fumes, and the effluent from the mercury mine at Idrija attacks the tenacious shrubs and trees of the surrounding karst. Slovenes are perhaps more conscious of the dangers of pollution than people in the more recently industralised areas of Yugoslavia. An environmental lobby —largely drawn from the professional classes—is beginning to make an impact. One would expect the Slovenes to be pioneers in this as in many other aspects of civic reform.

Slovenes tend not to assert their sense of national pride as stridently as do the Croats, but they nevertheless have a strong sense of national identity, and they are quick to react in defence of the Slovene minorities in Italy and Austria. In March, 1974, Italy provoked a minor international incident by suggesting that the Slovene littoral was not indisputably Yugoslav territory, and later that year there were angry exchanges between the Yugoslav and Austrian Governments over alleged discrimination against Slovenes in Carinthia. In both cases the Slovenes were warmly backed by the other Yugoslav peoples.

The Slovenes, despite their unconscious feeling of superiority, know that it is better to be the most developed part of a Yugoslav federation than the poor relation of some other central European entity. However nostalgically older Slovenes look upon the lingering traces of the double eagle, they know that the Habsburgs are dead and gone, and the future lies with Yugoslavia.

Fred Singleton

The treasure-house, rich in minerals, timber and hydro power. But the republic has yet to exploit its full wealth, and for the time being it rates as a developing region, eligible for special aid.

Bosnia

BOSNIA-HERZEGOVINA is still linked in most people's minds with June, 1914, when Franz Ferdinand was assassinated in Sarajevo, its capital. The riverside road junction where that historic bullet was fired is commemorated by a museum, and the event itself is now being made into a film.

But this was not the only time Bosnia found itself in the limelight. With its central place in the trouble-prone Balkans it was greatly prized by the Turks who occupied it for 400 years before being ousted in 1875, precipitating what the history books call the first Bosnian crisis. Austria-Hungary then moved in, eventually annexing the region in 1908, provoking uprisings now know as the second Bosnian crisis.

But much as the Bosnians prize this historical evidence of their struggle for independence which finally resolved itself with the establishment of the republic of Bosnia-Herzegovina in 1945, they feel they have got over that phase of history and would rather people no longer saw them only as fuses in the powder keg of Europe.

Part of the trouble defining Bosnia to-day is that strictly speaking there is no such person as an ethnic Bosnian, though the occupying Austrians tried to foster a national identity for political reasons, even going so far as to invent a folk costume.

Of 3.8m. "Bosnians" to-day, over a third are Moslems, and most of the rest are either Serbians or Croatians. The main language is Serbo-Croat. They live in one of Yugoslavia's most rugged and richly endowed republics, but one of the least known to tourists, probably because it has no more than a few, token, kilometres of coastline wedged between Croatia and Montenegro, though many West Europeans remember it from the war.

Economically, Bosnia-Herzegovina contributes much to the Federation, with its raw materials, timber and hydro-electric p r. In a pamphlet for visi the Bosnians claim to own more than a quarter of Yugoslavia's total cultivable area, over a third of its forests, over half its bauxite and asbestos, over three-quarters of its iron ore, all of its coking coal, manganese and calcined soda, and the Federation's largest output of plums—not an irrelevant statistic since this is what slivovic is made of.

Conglomerate

The republic also boasts industrial giants like Sipad, the timber and furniture concern, and Energoinvest, the mining and machinery enterprise, both of which rank alongside Yugoslavia's biggest.

But the point about these impressive figures is that they don't put Bosnia in the front rank. Surprisingly, it still rates as an underdeveloped republic, eligible for special aid.

The latest figures for development put Bosnia about five years behind the Yugoslav average. One reason is the war. Bosnia was one of the main partisan battlegrounds and though this is now a matter of great pride, it cost the republic

CONTINUED ON NEXT PAGE

حكمة امنة الأصل

A small and rugged republic, but a beautiful and proud one too. Montenegro is investing in industry and communications to draw itself into the mainstream of the Yugoslav economy.

Colourful Montenegro

SCENICALLY NO region packs in more sights to the mile than Montenegro, Yugoslavia's smallest republic tucked away at the bottom of the country between Serbia and the sea. Endowed with majestic mountains and canyons, but also offering Lake Scutari with its wide peaceful waters and the blue Adriatic coastline, it strikes most visitors as a scenic paradise. And so it is. But geography has its drawbacks too, and Montenegro to-day is toiling to overcome this legacy as well as exploiting it.

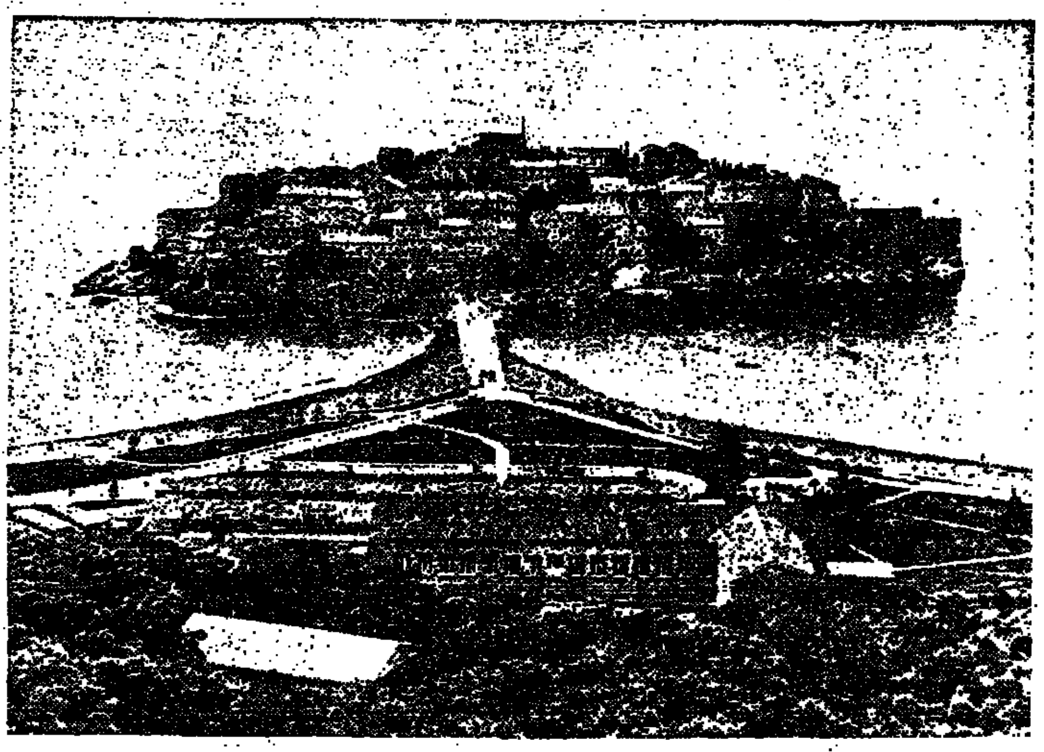
On the plus side Montenegro's mountains (which are not black as its obscurely derived name implies) have moulded its tiny population of only half a million into a rugged, fiercely patriotic race, once described as the thorn in the side of the Ottoman Empire under whose rule it languished for centuries. The Montenegrins defeated the Turks in 1858 and set themselves up as an independent State shortly afterwards. But remains, mainly architectural, of the Turkish occupation can still be seen to-day in the hill-side villages and inland towns.

Montenegro's first capital Cetinje, perched on a hill with its modest but stylish mansions and unmistakable Balkan atmosphere can still be seen. But to-day the capital is Titograd, a brand new town spreading across the plains near Scutari and symbolising the republic's modern-day aspirations.

Culturally the Slavic Montenegrins also owe their past to Western influences along the coast where walled, stone-built towns like Budva and Kotor show all the signs of Venice-derived Adriatic styles, and to orthodox influences from the east—the monastaries, mosaics and icons.

What with the sunshine, good local wines and miles of beaches all this adds up to a good tourist business which is one of the main props of Montenegro's economy, accounting for a third of its revenues, a lot of it in hard currency.

Most tourism is concentrated on the coast, now opened up with the Adriatic highway stretching from Italy to the Albanian border. Some of Yugoslavia's most luxurious hotels are to be found here, among them Sveti Stefan, the world-renowned island hotel converted from what was once a fishing village and before that (a less well-known fact) the capital of a micro-republic. Some might argue that this lovely coastline has already got more hotels than it can take and that the Montenegrins are being over-enthusiastic. But in Titograd officials seem aware of the dangers and say that development is being carefully scrutinised. They also point out that their stretch of the Adriatic coastline is on the UN list of world beauty spots and is being developed with that organisation's collaboration.



The island hotel at Sveti Stefan.

Potential

Inland the potential has yet to be tapped. But the Republic has plans to open up mountain areas for hunting, hiking, and even winter sports, making Montenegro one of those rare places where holidaymakers will be able to swim and ski on the same day.

The obstacles, and this is the geographical minus, are poor communications and the republic's overall backwardness which rates it as an under-developed *region eligible for* special financial help. Montenegro's *per capita income* is only two-thirds of the Yugoslav average, and a higher than average proportion of the population still lives off the land. There are only two or three main roads and a few miles of railway which have yet to be linked up to the Federal system.

A major tourist centre like Budva with a population of only 1,500 has to cope at the height of the tourist season with up to 40,000 visitors which puts an immense strain on services, medicine and transport, as well as hopelessly overloading an already dicky telephone system. The danger is that tourists, misled by the ultra-modern appearance of the hotels, will be disappointed by inadequate back-up.

At a recent meeting of the Montenegro party leadership, the republic's poor economic performance came under fire. Particular criticism was levelled at slow progress in construction and irresponsible use of resources, the clear message being that Montenegrins must themselves bear some of the blame if their republic is lagging behind.

Nevertheless, as the gleaming new aluminium plant outside Titograd shows, great strides have been made since the war when there were only five factories in the whole republic. The plant's eventual capacity will be 100,000 tons a year, and it will draw on the powerful hydroelectric potential of Montenegro's many rivers. Other industries include specialised steels, domestic equipment like fridges, civil engineering and textiles. A figure of particular pride to the Montenegrins is that their per capita shipping tonnage is higher than Britain's.

The republic's planners base Montenegro's future on industrial exploitation of natural resources, particularly minerals, timber and hydroenergy for which they are seeking finance in Yugoslavia and abroad. The aluminium plant was set up with the French concern Pechiney. But another problem is manpower. High unemployment has led to mass departures of Montenegrins in search of work elsewhere, often abroad, and the republic is now critically short of skilled workers despite training programmes. As an official pointed out, this starts a vicious circle. Will capital come if there are no skills, but why should skilled workers come if there are no factories?

Personal

Montenegrins, though, are attached to their country, and most of them are said to come back in the end. Their colourful life styles can still be seen: the red and blue capped peasants driving their donkeys along the road, and the fishermen who mend their nets right outside the Sveti Stefan hotel as if nothing had changed. Inevitably advance is taking its toll and hotel staff tend to have lost the personal touch. Though, as I discovered when my car broke down this spring on a high mountain pass, complete strangers will still pull in and spend over an hour putting it right without accepting anything more than a cigarette in thanks.

David Lascelles

Bosnia

CONTINUED FROM PREVIOUS PAGE

what little industry it had. Post-war reconstruction was hampered by desperately bad communications. There were no surfaced roads and only two narrow-gauge railways and though all villages are now linked by road, the network is still scanty by any standards. Every Bosnian recently donated a month's salary to improve communications.

Bosnia has also suffered from Yugoslavia's serious neglect of its primary resources in favour of processing industries and other more glamorous sectors. This mistake is now being rectified in the so-called stabilisation programme which aims to develop the country's basic wealth as a matter of priority. But the cost is high and progress slow, so it could be years before Bosnia finally catches up, though its growth rate is currently slightly above average.

The bridge on the Neretra River at Mostar.

Potential

This explains why those earlier impressive-looking figures can be misleading because they do not distinguish properly between the republic's potential and realised wealth.

The presence of giant enterprises in Bosnia is also misleading and in many ways symptomatic of its problems. They exist only because large companies, on the whole, can exploit natural resources like Bosnia's. Looking further down the list of Bosnian enterprises, one notices a distinct lack of medium and small concerns.

Agriculture has also posed problems, partly because of the terrain, but partly because rural communities have been slow to take up modern methods, out of ignorance and lack of capital.

Bosnian planners aim to concentrate development on aluminium, chemicals, timber and coal, and then get processing industries going, especially those handling local raw materials, to add as much value locally as possible. With this in mind they are looking for the latest technology at home and abroad and are keen for foreign co-operation.

An untapped source of revenue is tourism. At the moment visitors spend on average only two days in Bosnia, on their way to and from the coast. Little has been invested in this sector, but the Sarajevo authorities see great potential in their republic's dramatic scenery, its hunting (bears and deer), fishing, spas, and mountain climbing and skiing.

Another of Bosnia's attractions is its blend of eastern and western cultures. The old Turkish town of Mostar with its fine bridge, or Sarajevo's Moslem market ringed by minarets are not scenes a visitor driving up from the Venetian elegance of Dubrovnik might expect. But seen alongside the Austrian boulevards of Sarajevo's newer districts, they are part of a living history book.

One of the finest views in Yugoslavia is to be had from Mount Trebevic which towers *above Sarajevo and looks out* across the unspoilt Bosnian ranges. Anyone who goes there is advised to savour the occasion with a dish of grilled Bosnian trout and a bottle of Mostar wine.

Bosnia is clearly a republic with a great future once its wealth can be realised. But the Bosnians themselves admit that this will be a slow process hampered as much as anything by poor communications and lack of skills. A *point in its* favour is the fact that Yugoslavia as a whole needs Bosnia's resources, and this could spur the Federal development effort.

David Lascelles

Market recovering after weak trend

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 22.

STOCKS FINISHED mostly higher after absorbing early selling despite renewed weakness in the final minutes of trading.

There were no special news factors to inspire investors and analysts believed the market was influenced primarily by the feeling that the worst of the economic recession has passed. The economist Mr. Paul W. McCracken said all evidence now pointed to the fact that the downturn in the economy was near or at its end.

Mr. McCracken, the former chairman of the Council of Economis Advisers in the Nixon Administration, addressed the American Iron and Steel Institute convention here.

Yet at the same meeting, Mr. Paul Samuelson, the eminent Profesor of economics at the Massachusetts Institute of Technology, expressed doubts as to whether the recession had bottomed out. He said he believed it was still impossible to judge when the trough of the recession would be reached.

The Dow Jones Industrial Average rose 0.23 to 818.91, while the NYSE Common Stock Index gained 0.18 to 47.45. Advances topped declines, 720 to 631 in a turnover of 17.61m., compared with 18.64m. on Wednesday. The Transport Index put on 0.45 to 166.87 and Utilities 0.06 to 77.23. The Stocks Index rose 0.24 to 230.34.

Du Pont rose $1¼ to $123⅞. The company said its textile fibre business, which had led the decline in sales and earnings for the past two quarters, was now leading the company's recovery.

Pasco Inc. gained $2½ to $31. After a delayed opening the company said its Board recommended the sale of all its assets and the distribution of all proceeds to Pasco shareholders. Studebaker-Worthington, which holds a controling interest in Pasco, spurted $2¼ to $30⅜. It forecast a good year in 1975 with earnings up sharply.

Prices edged higher in light trading. The Amex index rose 0.05 to 86.83, while advances outnumbered declines in a turnover of 2m. shares. Ajax Magnethermic rose $1¼ to $46½. Syntex, Research-Cottrell, and Kaiser Industries picked up fractions.

shares on Wednesday. Advances led declines 216 to 182.

Banks registered the most impressive rise of the day.

PARIS—The market was lower all round, depressed by Wall Street's fall and the fear of higher oil prices, as well as by news of lower French industrial production. The sudden rise in the gold price also diverted funds out of equities.

Denain eased Fr.1.9 after reporting higher 1974 profits, while Michelin gained despite announcing a 50 per cent. cut in profits of its French manufacturing subsidiary. Metals were less affected than other sectors. Carrefour lost Frs.46 and Aquitaine fell Frs.18. BSN Gervais slid Frs.21 and L'Oriel was down Frs.16.

BRUSSELS—Shares dropped in thin trading following Wall Street's fall, although some technical resistance set in towards the end of the session. Electrobel lost Fr.90, Tracelec Fr.40 and Vieille Montagne Fr.190, Clabecq Union Miniere and Asturienne headed local falls, although Ste Generale advanced.

Golds firmed in the foreign sector but U.S. and French issues dropped. U.K. stocks were mixed and Dutch and Germans little changed. All three Petrofinas gained against the trend.

AMSTERDAM — The market weakened virtually across the board on lack of interest and Wall Street's decline, with losses among Dutch Internationals headed by Akzo, Philips and Royal Dutch.

Falls were more pronounced among local issues, with Ahold, IHC, OCE, Bijenkorf, Pakhoed and the Insurance sector heading the downtrend. Bergoss was an isolated firm spot against the trend however.

FRANKFURT—Shares closed mixed after opening weaker in dull trading. The Bundesbank moves to increase liquidity and lower interest rates which came towards the end of the session had no effect on the market.

Leading Banks, Chemicals, Electricals and Motors were little changed, but BMW rose DM0.20 after saying 1975 profits would be higher than 1974's. Schering fell DM1 after saying poor turnover in the first four months would affect 1975 results. In Steels Mannesmann rose DM1 and Kloecknerwerke DM3. Veba led Utilities down to DM2.30 lower. Pressag fell DM6 after saying 1975 earnings would be considerably lower, following the return to profits in 1974.

MILAN—The market closed broadly lower on investors' reserve in featureless trading. All major stocks lost ground, although Italsider was unchanged and Motta actually gained L30. Fiat lost L20 and Pirelli Spa fell L62. Bonds were quietly resistant.

ZURICH—The market continued lower following Wall Street in moderately active trading.

Juvena Bearer again fell Fr.35 while its participation certificates were steady, following reports of restructuring plans and a possible dividend cut or omission. Among easier Insurances Rueckversicherung Bearer and Registered fell on the company's expectations of lower results. Chemicals fluctuated narrowly, while Engineerings tended easier, apart from firmer Sulzer Registered. In Foods, Nestle Bearer improved while its registered stock eased. State bonds ruled steady.

OSLO—Generally steadier.

VIENNA—Very quiet.

COPENHAGEN — Generally higher in moderate dealing.

TOKYO—The market advanced slightly without particular incentive. The Tokyo SE index closed at 332.96, up 1.48.

Pharmaceuticals, Constructions and anti-pollution equipment shares advanced. Interest in Blue Chips was stimulated by modest early gains despite a decline on Wall St.

Matsushita Electric added Y8 to Y566, but Sony fell Y10 to Y3.120 on profit-taking. Kobe Steel advanced on reports that it planned to raise its prices next month. Other steel mills were higher too. However, Shipping Lines and Chemicals eased slightly.

JOHANNESBURG—Gold shares were at or near the day's highest levels, reflecting higher bullion indications.

Heavyweights gained sharply and Financial Minings were harder in line with producers. Platinums were slightly lower on balance but Coppers were harder. De Beers shed 2 cents to R315. Leading Industrials by contrast were unchanged to slightly lower.

HONG KONG—The market eased in sympathy with lower share prices in London and New York. Profit-taking after Wednesday's gains reinforced the trend.

AUSTRALIA — Stock markets extended Wednesday's advance in buoyant trading with demand centred on leading Mining and Industrial shares.

Uranium issue Pancontinental jumped 35 cents to $A3.75 while coal share Utah added 20 cents. Gold moved ahead influenced by the firmer bullion price and oils also tended higher.

Banks, Financials, breweries, Stores, Retailers, and Constructions all participated in the general advance.

BHP rose six cents while CSR, which announced increased profits, put on five cents while Pioneer rose 10 cents in sympathy. Among Minings, Peko-Wallsend, AM and S, CRA, Hamersley and MIM met sustained buying support.

In Golds, which were boosted by the metal's firmness, GMK added eight cents. Western Mining rose three cents, closing at $A1.88-1.89. Coal stocks Utah and Thiess were firm too.

OTHER MARKETS

Canada higher

Canadian markets finished higher in moderate trading. The Toronto Industrial Index rose 1.23 to 186.23 and Golds jumped 6.49 ahead to 421.03. Base Metals and Western Oils also advanced.

Trading was generally quiet throughout the session with the final volume reaching 3.00m. shares compared with 1.74m.

Indices

NEW YORK

DOW JONES AVERAGES

May	Home Bonds	Transport	Industrials	Utilities	Trading volume
22	67.90	166.87	818.91	77.23	17,610
21	67.94	166.42	[illegible]	77.17	18,640
20	67.85	[illegible]	830.49	78.05	19,310
19	67.96	169.86	837.69	[illegible]	17,870
16	67.90	[illegible]	837.[illegible]	78.16	16,650
15	67.64	170.58	848.80	78.86	27,590
14	67.61	173.47	[illegible]	[illegible]	[illegible]
13	67.65	174.36	850.13	78.64	24,450
12	67.61	171.52	847.47	78.42	22,410
9	67.64	171.91	[illegible]	77.90	22,440
8	67.68	170.72	840.60	76.37	[illegible]
7	67.58	170.85	836.4[illegible]	76.47	22,250
6	67.65	171.30	834.72	75.25	[illegible]
5	67.04	174.12	[illegible]	75.19	22,570
2	67.52	171.98	848.48	74.64	25,290
1	67.23	170.76	830.96	74.29	20,680

IND. DIVIDEND YIELD p.c.

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

STANDARD AND POORS U.S. STOCK INDICES

May	*Industrials	*Composite
22	100.72	89.39
21	100.36	89.06
20	101.51	90.07
19	102.06	90.43
16	101.95	90.43
15	103.06	91.41
14	104.04	92.27

STOCK AND BOND YIELDS

THURSDAY'S ACTIVE STOCKS

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	May 22	May 21	May 16
On Dividends	7.58	7.65	7.65
On Earnings	14.44	14.50	14.50

SYDNEY ALL ORD. INDEX

TOKYO NEW SE INDEX

HONG KONG INDEX

SINGAPORE INDEX

EUROPE

TORONTO

MONTREAL

JOHANNESBURG

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

May 22	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	81.7	—0.5	—	—
Allianz Versich.	479	—3	17	1.8
B.M.W.	223.2	+0.2	14	3.1
BASF	139.9	+1.1	17	6.1
Bayer	121	......	17	6.6
Bayer Hypo.	322xd	—1	18	2.8
Bayer Vereinsbk.	323.5xd	—1.5	18	2.6
Commerzbank	203.5	—0.5	17	4.2
Conti. Gummi	74.8	—0.3	—	—
Daimler	300	—0.5	15	2.5
Degussa	233.9xd	+0.9	18	3.8
Demag	190	......	16	4.4
Deutsche Bank	343	......	20	2.8

AMSTERDAM

May 22	Price Fls.	+ or —	Div. %	Yld. %
Ahold (Fl.20)	106xd	—5.5	18	3.4
Akzo (Fl.20)	39.6xd	—0.4	20	1.0
Algem Bnk(Fl100)	389.5xd	—3	20	6.1
AMAS NV (Fl.10)	16	......	10	6.6
AMEV (Fl.20)	65.4	—3.1	30	4.4
AmroBank (Fl.20)	80.5xd	—0.2	20	5.1
Van Berkels (Fl.50)	125	—3	15	5.9
Bijenkorf (Fl.20)	83xd	—2.1	21	6.2
BokaWestm. Fl.10	107.5	—1.7	52	4.9
Buhrm-Tetterode	72.1	—0.6	25	6.2
Elsevier (Fl.20)	492	—3	24	9.3

AUSTRALIA

May 22	Aust. $	+ or —
Acrow Australia	†0.70	......
Adelaide Brighton Cem't 50c	†0.83	+0.01
Allied Mftg. Trdg. Indus$1	†1.80	+0.05
Ampol Exploration	†0.48	+0.02
Ampol Petroleum	†0.42	......
Assoc. Minerals	†2.80	......
Assoc. Pulp Paper $1	†0.75	......
Aust. Con. Industries	†1.35	+0.05
Aust. Foundation Invest.	†0.71	......
A.N.I.	†0.80	—0.02
Aust. Oil & Gas	†0.08	......

VIENNA

JOHANNESBURG

PARIS

TOKYO

MILAN

BRUSSELS

STOCKHOLM

SWITZERLAND

OSLO

COPENHAGEN

SPAIN

Gold rises

Gold was in strong demand yesterday, against a background of unsettled foreign exchange dealings, in which the U.S. dollar was reported to receive appreciable official support, with the French, the German, the Dutch and the U.S. authorities all said to be buying dollars. The free market gold price ended in London at $174-175, an ounce, for a net gain of $4.

Sterling gained ground against the U.S. dollar and against major currencies in general, improving a further 120 points on the day in terms of the dollar, to $2.3275-2.3285, while its trade-weighted average depreciation against ten leading units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England) narrowed on balance to 24.6 per cent., from 24.9 per cent., and stood at 24.8 per cent. at noon.

Business was good in foreign exchange dealings generally, with the renewed weakness of the Canadian dollar a major factor—the Canadian unit losing 48 points in terms of U.S. cents, at 96.95¼. The pound opened in terms of the dollar at $2.3190-2.3200, and touched $2.3150-2.3160 at one stage, but reached a day's high of $2.3285-2.3295 in the afternoon, with demand for sterling on oil account perhaps playing a part.

The dollar's trade-weighted average depreciation against 14 currencies since the Washington Agreement was reported by Morgan Guaranty (on the basis of noon rates in New York) to be 7.02 per cent., against the previous 7.05 per cent., while sterling's depreciation on a similar basis was measured at 29.81 per cent., against 30.26

The Krugerrand ended in places in London at a premium of 21⅜ per cent. over its gold content, in domestic business, against 21⅞ per cent. previously, and 3¼ per cent. in international, against 3⅜ per cent.

GOLD MARKET

FOREIGN EXCHANGES

EXCHANGE CROSS-RATES

May 22	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.334 336	[illegible]	[illegible]	5.41-43	97.6-65	[illegible]
N. York	42.88-91	—	[illegible]	[illegible]	2.3270-80	41.65-70	40.33-37
Paris	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rates: two days' notice 7¼-7½ per cent.; seven days' notice 7¼-7½ per cent.; one month 7¼-7½ per cent.; three months 7½-8⅛ per cent.; six months 8¼-8½ per cent.; one year 8¼-8½ per cent.

Longer-term Eurodollar deposits: two years 8½-9 per cent.; three years 9-9½ per cent.; four years 9¼-9½ per cent.; five years 9¼-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5⅞-5⅝ per cent.; three months 6⅛-5¹³⁄₁₆ per cent.; six months 7¼-6¾ per cent.; one year 8-7⁹⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

OTHER MARKETS

FORWARD RATES

STOCK EXCHANGE REPORT

Golds surge ahead again but equities narrowly erratic

Share index down 1.8 at 349.7—ICI please

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
May 5	May 15	May 16	May 28
May 19	May 29	May 30	Jun. 10
Jun. 2	Jun. 12	Jun. 13	Jun. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Gold shares once again highlighted stock markets yesterday, with prices moving ahead further in the wake of bullion which closed $4 higher at $174.50 per ounce. Closing share prices were occasionally below the day's best, but the Gold Mines index finished with afresh jump of 16.7 to a record "high" of 442.3.

With the approaching Whitsun holiday restraining business, the equity leaders fluctuated narrowly before closing slightly easier on balance. Better-than-expected first-quarter profits from ICI, up 7 at 281p, after 284p, gave the market a small fillip at one stage, but failed to have a lasting impact. The FT 30-share index closed 1.8 lower at 349.7, after having been up to 352.6 earlier in the day.

Second-line equities fared little better than the leaders in the way of business and the overall trend was again irregular. The FT-Actuaries' All-Share index gave up 0.7 per cent further to 148.87. Bid situations and trading statements prompted a few features and helped to provide some relief to an otherwise drab session.

Short Gilts react

Activity in British Funds was again concentrated at the short end of the market. Helped by the reduction in the German Bank Rate, shorts traded firmly until the latter stages of dealings when prices turned decidedly dull following news that the Government broker had reactivated the old "tap" stock, Treasury 9 per cent. 1978, at 95 7/16, which was finally quoted at 95¼, down ⅛, after an earlier small improvement. The current "tap," Treasury 9 per cent. 1978 "A," ended 1/16 cheaper at 95¾, while other falls ranged to 1/16. Elsewhere trade remained quiet with prices easing by ⅛, although mediums in the 1990 area rose by ⅛ to ¼.

The investment dollar premium made steady progress to close near the day's best with a gain of 3 at 106½ per cent. on institutional buying coupled with overseas activity in Gold shares. Yesterday's SE conversion factor at 1.30 p.m. was 0.5452 (0.5538). Bank of Montreal provided a bright spot in Canadian issues, closing 1½ up at £11¾ in response to better-than-expected quarterly figures.

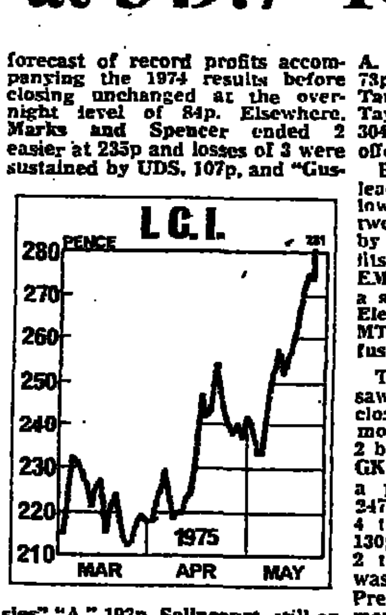
Banks down again

A rather lifeless day in the big four Banks saw prices continue to drift lower. Midland receded 5 more to 255p, while Barclays and National Westminster were both 3 down at 285p and 225p respectively. In Foreign Issues, Hong Kong and Shanghai fell 11 to 239p on overseas advices. Issued by way of "rights" to Ordinary holders, dealings started yesterday in Allied Irish 10 per cent. Convertible 1985; the £25-paid stock opened at £40 and closed at £39½.

Stenhouse became a late dull feature in Insurances, falling 8 to 74p on the disappointing half-year figures. Minet closed similarly lower at 190p. Sun Alliance, in "ex-rights" form, closed 18 down at 430p, while the "New" nil-paid shares closed at 122p premium, after 127p premium.

J. W. Cameron featured Breweries, rising 14 to a 1975 "high" of 100p on small buying in a restricted market. Allied lacked support and shaded 1 to 70p. Elsewhere, Teacher (Distillers) remained popular on overseas earnings considerations, rising 4 more to 188p, for a three-day gain of 18; the preliminary results are due next Tuesday.

Debenhams were again well to the fore in Stores, improving to 88p during a large two-way business which was prompted by the forecast of record profits accompanying the 1974 results before closing unchanged at the overnight level of 84p. Elsewhere, Marks and Spencer ended 2 easier at 235p and losses of 3 were sustained by UDS, 107p, and "Gussies" "A," 193p. Sellncourt, still on the results, shaded ½ further to 8½p.



ICI higher

Standing at 275p ahead of the first-quarter results, ICI improved sharply to 284p in response to the better-than-expected profits showing before closing 7 better on the day 281p following a good business. Awaiting fresh developments in the bid situation, Midland-Yorkshire rallied 25 to 425p.

French Kier 'A' attracted a fair amount of interest in Buildings; after having fallen to 8p at one stage, the shares rallied to close a shade harder on balance at 10½p after news of the Government's offer to ensure the ongoing viability of subsidiary W. and C. French (Construction) and the capital reorganisation plans which accompanied the disclosure of a trading loss. International Paint added 4 more at 144p, while rises of around 8 were seen in A. V. Jennings, 112p, and Carron, 73p. On a less cheerful note, Tarmac receded 5 to 136p and Taylor Woodrow retreated 6 to 304p. Geo. Wimpey were also on offer at 139p, down 4.

Business remained slack in leading Electricals. BICC closed 4 lower at 122p, after 118p, for a two-day loss of 11, still unsettled by the reduced first-quarter profits. GEC, 124p, after 121p, and EMI, 189p after 186p, both closed a shade harder. Elsewhere, Racal Electronics receded 7 to 267p, but MTE put on 3 to 19p and Telefusion "A" 2 to 22p.

The Engineering majors again saw very little business and closed mixed. A late rallying movement helped Tubes finish 2 better at 294p, after 288p, while GKN also picked up late to end a penny dearer at 251p, after 247p. Hawker, however, shed 4 to 274p and Vickers lost 3 to 130p, while John Brown receded 2 to 114p. Elsewhere, the trend was also irregular. Favourable Press comment brought improvements of 5 and 1 respectively to Hall, 170p, and Amalgamated Power, 46p. Lyndale improved 2½ to a 1975 "high" of 22 on the increased interim dividend and higher profits. Rises of 3 and 4 respectively were marked against Davy International, 109p, and Herbert Morris, 40p. Weyburn, on the other hand, lost 14 to 196p; the interim results are due on June 17. John Brockhouse ended 2 off at 165p following the interim results.

Foods were featured by Associated Fisheries, which closed 8 cheaper at 33p, after 32p, on the first-half trading deficit, while Northern Foods ended a penny easier at 74p following the interim statement. Pork Farms, however, hardened 2 to 134p on the increased earnings. Alpine Soft Drinks were popular at 75p, up 5. In Supermarkets, Wheatsheaf Distribution improved 5 to 145p.

J. Lyons "A" remained dull, losing 6 more to 160p for a two-day fall of 14. Ladbroke closed 2 easier at 171p despite the chairman's encouraging remarks at the annual meeting.

Miscellaneous Industrial leaders generally closed modestly easier after a small business, but Beecham, helped by Press comment on Wednesday's pleasing results, ended 2 firmer at 298p, after a peak for the year of 302p. Reed International closed 5 lower at 270p, after 279p, in front of to-day's annual figures. Boots cheapened similarly to 260p, while Bowater shed 4 to 156p. Cussons advanced 12 to 70p and the "A" 10 to 67p on the Board's decision to recommend the improved offers from Paterson, Zochonis; the latter's Ordinary and "A" lost 40 and 20 respectively to the common price of 380p. Sealed Motor Construction improved 4 to 47½p on hopes of an increased offer from one of the two rival bidders, Myson and Adwest. Stag Furniture gained another 4 to 74p, still on the chairman's statement, while half-year statements left Trafalgar House, 117p, and Hay's Wharf, 132p, both 2 firmer, and Redfearn National Glass 3 harder at 53p. Leisure Caravan Parks continued to benefit from increased profits and gained 4 more at 69p. Barlow Rand rose 14 further to 325p. Fitzwilton, however, declined 5 to 70p on the lower profits warning.

ERF provided a small feature in Motors, rising 7 to 45p on speculative demand. Similarly, Lookers, in Garages, improved 3 to 21p and Pride and Clarke hardened 2 to a 1975 peak of 114p. Rolls-Royce, however, declined 3 to 59p, while the sharp fall in profits and reduced final dividend left Lotus Car 3 off at 21p.

Dickinson Robinson provided a dull feature in Papers at 120p, down 5, following the chairman's bearish comments on prospects at the annual meeting. Brunning Group gave up a penny more to 27p on further consideration of the results. Newspapers traded quietly.

Leading Properties lost further ground during a reasonably active trade. MEPC followed Wednesday's reaction of 9 with a fresh fall to 161p before picking up to 164p, down 6 more on the day; dealers reported that a large line of stock which had been overhanging the market has now been cleared. Land Securities cheapened 4 more to 207p, but English Property, following the AGM, ended a penny harder at 89p. Quietly easier secondary issues had an isolated bright spot in Waite and Son, which recorded an advance of 11 at a peak for the year of 65p in reflection of favourable Press comment. New London Property managed to firm 5 to 175p, but A. J. Mucklow receded 10 to 140p, Slough Estate 4 to 92p, and Capital and Counties 2 to 29½p. Raglan Property closed a fraction lower at 6½p, on the £6m. book loss sustained on the sales of the bulk of its French property portfolio. Among Overseas issues, the Australian Lend Lease remained buoyant, adding another 12 at 274p.

Business quietened considerably in the Oil leaders, where British Petroleum ended unchanged at 457p, after moving narrowly between 455p and 460p. Shell Transport were finally 2 off at 331p, after touching 335p, but Royal Dutch improved with the investment premium to close ¼ up at £27¾. Siebens Oil and Gas (U.K.) met further speculative demand and rose to 910p before closing a net 75 higher at 855p, still on the £9m. "rights" offer and helped by Press comment highlighting the company's North Sea potential. Coalite and Chemical, which has a shareholding in Siebens, improved 1 more to 25½p in sympathy. North Sea speculation was also aroused in Premier Oil, 2 up at 20p, and CCP, 1½ firmer at 25½p. British Borneo advanced 8 to a peak for the year of 108p on their Gold share interests.

Financials were featured by Lubok Investments, which attracted fresh support and rose 3½ to 43p, while the 12 per cent. Convertible jumped 10 points more to £178. Parambe improved 2½ to 28½ and Smith Brothers were similarly better at 48p, but Inchcape ran back 7 more to 403p. In Trust, Nippon fund Sterling gained 15 to 165p.

Very little interest was shown in Shippings which closed mixed.

Textiles were devoid of features. Courtaulds, with preliminary results due next Thursday, improved 3 to 127p, after 128p. Lister however, cheapened 2 to 50p following adverse Press comment. Tobacco majors closed narrowly mixed.

Marked up to 82p on news that merger discussions with James Warren (6 lower at 100p) had been terminated, Warren Tea failed to attract buyers and drifted back to close unchanged on the day at 80p.

FINANCIAL TIMES STOCK INDICES

—	May 22	May 21	May 20	May 19	May 16	May 15	A year ago
Government Secs.	57.60	57.62	57.62	57.57	57.50	*57.39	58.75
Fixed Interest	57.62	57.41	57.24	57.14	57.17	57.14	58.15
Industrial Ordinary	349.7	351.5	355.9	353.8	341.8	335.5	288.2
Gold Mines	442.3	425.6	402.7	405.9	389.8	399.4	316.3
Ord. Div. Yld. %	5.96	5.93	5.84	5.86	6.05	6.11	6.80
Earnings Yld.% (full) (a)	17.96	17.86	17.19	17.21	17.79	18.08	17.56
P/E Ratio (net) (a) (b)	7.84	7.88	8.20	8.18	7.91	7.78	8.09
Dealings marked	7,861	9,034	8,818	6,981	6,632	7,347	†5,808
Equity turnover £m.	—	98.80	139.23	85.46	95.63	68.53	45.76
Equity bargains total	—	22,436	26,846	21,638	20,632	19,098	12,486

10 a.m. 350.1. 11 a.m. 352.6. Noon 350.3. 1 p.m. 350.1. 2 p.m. 352.1. 3 p.m. 350.6.

Latest Index 01-246 8026. Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.90.

Basis 100. Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942. * Corrected.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54 (20/5)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/5)	50.63 (3/1)	150.4 (28/11/47)	50.63 (3/1/75)
Ind. Ord.	355.9 (20/5)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	May 22	May 21
Daily—		
Gilt-Edged	112.2	127.2
Industrials	282.3	343.6
Speculative	100.9	82.8
Totals	172.1	205.6
5-day Av'rge		
Gilt-Edged	118.4	120.9
Industrials	295.2	290.7
Speculative	84.1	84.5
Totals	177.7	176.8

FT—ACTUARIES INDICES

—	May 22	May 21	May 20	May 19	May 16	May 15	A year ago
Industrial Group	138.79	139.55	141.24	137.18	132.32	131.34	116.69
500 Shares	150.27	150.85	152.81	148.74	143.87	142.77	125.75
Div. Yield pc.	5.85	5.83	5.76	5.92	6.12	6.17	6.48
P/E Ratio (net)	7.29	7.31	7.47	7.29	7.05	6.99	7.63
All Share	148.87	149.91	152.07	148.08	143.43	142.23	122.96
Consols yield pc.	15.10	15.53	15.09	15.20	15.18	15.18	15.96

Golds climb higher

Gold shares climbed to new heights, raising the Gold Mines index 16.7 to a best-ever 442.3. Matters were helped by the firm investment dollar premium, but the major influence was provided by the bullion price which jumped $4 to $174.50 per ounce, its highest since April 3.

There was no rush of business, however, and the Continent and U.S. markets tended to provide sellers, but buying in London impinged on a thin market. Rises in the heavyweight stocks extended to £1¼ in Hartebeest at a new high of £31. Among other good gains, Loraine put on 35 to 485p and Unisel were 24 up at 314p. Deelkraal were 20 up at 110p premium.

In the Finance group, RTZ closed 3 off at 109p, after 198p, following the chairman's forecast of "substantially" lower profits this year. Patino lost ¾ to £10 in line with an easier tendency in Canada, but Union Corporation advanced 16 more to a year's high of 553p and Sentrust were 25 up at 445p.

Australian issues were firm again, those outstanding being Pancontinental (405p) and Utah Mining (750p) each with gains of 50p. MIM gained 8 to 232p among other firm Copper issues which included South Africa's Palabora with a rise of35 to 915p and Messina, another 15 higher at 375p.

Elsewhere, "Tanks" eased 4 to 206p in front of the results which are now expected to-day. Silvermines gained 10 to a high of 76p on continued hopes for the company's Irish offshore oil exploration interests. In a quiet Tin group, Pahang (48½p) were quoted ex the one-for-one rights issue of new shares at 25p; the new were 1p premium in nil paid form.

Warner Estate

On a turnover up from £893,353 to £2,343,754, group profit of Warner Estate Holdings decreased from £585,454 to £530,907 in the year to March 31, 1975, after a slight increase from £291,079 to £299,604 at halfway.

Earnings per 25p share for the year decreased from 3.2p to 2.6p. A second interim dividend of 1.5p makes a net total of 2.0p (2.07633p).

The maximum which can be paid for the 18 month period (the accounting date is being extended to September 30, 1975) is £337,231 net, therefore the final dividend for the period will be 0.772254p net.

The year's turnover this time includes £1,439,346 in respect of Lancaster Holdings Group for six months. Of this figure £1,290,871 relates to the builders' merchants subsidiary.

Tax takes £268,250 (£270,187), and minority interest £65,000 (£99,000).

Profits of Lancaster will rise as rent reversions fall due and as rent increases, already agreed, take effect, the directors state.

AUTHORISED UNIT TRUSTS

(a) (g) Abacus Arbuthnot Ltd. 81, Fountain St., M/C. 061-236 9775/8				Yield %
Giants	33.2	35.0	—0.4	4.30
Giants Accum.	34.6	36.5	—0.4	4.30
Growth Units	30.1	31.9	—0.7	4.30
Growth Accum.	31.6	33.3	—0.7	4.30
Income Units	29.6	31.8	—	8.20
Income Acc. Uts	32.6	34.8	—	8.20

(a) (g) The Crescent Group. Crescent Unit Trust Managers Ltd. 4, Melville Cres., Edinburgh 3. 031-226 4931. 51, Fountain St., Manchester. 061-236 5685				Yield %
Crescent Growth	18.5	19.6	—0.1	4.87
Cres. Internat'l	38.9	41.7	—0.5	2.11
Cres. High Dist.	33.4	35.8	—0.2	7.17
Cres. Reserves	29.5	31.9	—0.5	4.40

(a) (c) Lawson Securities Ltd. 63 George Street, Edinburgh. 031-226 3911				Yield %
Scots Resources*	70.6	75.8	—	5.70
Gilt & Warrant††	28.3	30.3	—	1.74
High Yield**	108.6	116.6	+2.8	13.30
Accum. Units**	117.3	125.9	+3.2	13.30
American Fund‡	24.0	26.0	—0.8	1.90

*Tuesday. ††Wednesday **Friday ‡Daily.

(a) (z) Pearl Montagu T. Mgrs. Ltd. 114, Old Broad St., EC2P 2TH. 01-588 6464				Yield %
P&M Growth Fd	18.5	19.7xd	—0.3	4.16
Accum. Units	19.9	21.5	—0.2	4.16
P&M Income Fd.	22.2	23.9	—0.4	7.16
Pearl M'ntgu Int	28.1	30.3	—0.2	4.42
Accum. Units	32.3	34.8	—0.3	4.42

(g) (z) Pelican Units Admin. Ltd.

(a) (g) Slater Walker Tst. Mangmt.				Yield %
S.W. Growth	62.3	66.7xd	+0.1	5.31
S.W. Assets Trust	52.7	56.4	—0.8	6.75
S.W. Capital Acc.	37.8	40.5	—0.2	4.78
S.W. Financ'l Tst.	37.8	40.5	—0.4	3.78
S.W. High Inc.	53.8	57.6	+0.2	6.88
S.W. Pr'nal Tst	432.8	446.2	+9.2	4.18
S.W. Status Ch's	20.7	22.1	—0.1	6.55
S.W. Mineral Tst.	95.4	102.6	+5.7	6.10

[INSURANCE, PROPERTY, BONDS PRICES PAGE 38]

OFFSHORE AND OVERSEAS FUNDS

Albany Management Co. Ltd. P.O Box 1548, Hamilton, Bermuda				Yield %
Albany Fd. Ltd.	$5.47	5.66	—	—

Australian Selection Fund N.V.

Free World Fund Limited. Butterfield Building, Hamilton, Bermuda			Yield %
NAV Apr 30	US$152.62	—	—

G.T. Bermuda Ltd. Bk of Bermuda, Front St. Hamilton, Bermuda

Murray Johnstone (Inv. Adviser). 163, Hope St., Glasgow, C.2. 041-221 5521			Yield %
*Hope Street Fund	US$21.00	—	—
‡Murray Fund	US$6.15	—	—

*NAV May 15. ‡NAV April 30.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (MISCEL.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 83¼% (based on $2.3200 per £)

CANADIANS

S.E. List Premium 83¼% (based on $2.3967 per £)

Conversion factor 0.5452 (0.5533)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£14¾	780	Durban Deep R1	£15¼	+¼	Q110c	ϕ	5.4
£14	860	E. Rand Prp. R1	£13	+½	Q115c	ϕ	5.7
105	55	Rand Leases 2½c	80	+10	—	—	—
£34½	£22	Randf'tn Est. R2	£34½	+½	—	—	—
500	260	West Rand R1	415	+20	Q40c	1.3	6.3

EASTERN RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
370	235	Bracken R1	360	+20	†Q51c	1.1	9.1
23	13	Daggafontein 50c	18	+2	—	—	—
105	68	East Dag R1	100	+8	Q25c	ϕ	16.1
140	140	Grvtl. Areas 5c	140¢	.....	—	—	—
380	210	Grootvlei 30c	360	+35	Q32e	1.1	5.7
810	410	Kinross R1	810	+20	†Q50c	1.5	4.0
198	107	Leslie 80c	178	+13	†Q22c	1.6	8.0
550	325	Marievale 70c	500	+40	Q84c	1.3	10.8
725	380	S. African Ld. 35c	700	+30	Q95c	1.2	7.8
265	175	Vlakfontein R1	260	+25	Q35c	1.3	8.7
£13¾	840	Winkelhaak R1	£13¾	+¼	†Q94c	1.2	2.6
120	65	Wit. Nigel 25c	115	+13	Q1c	10.9	0.6

FAR WEST RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£11	680	Blyvoor 25	£10⅜	+⅝	Q90c	1.3	2.8
£21½	£17	Buffels R1	£21	+½	†Q160c	1.4	4.9
£14¼	920	Doornfontein R1	£13½	+½	†Q100c	1.4	4.8
£12¾	725	East Drie R1	£12¾	+¼	Q55c	1.8	2.8
£12½	725	Do. Comb. Units	£12½	+1	—	—	—
450	295	Elsburg R1	450	+20	Q45½c	1.2	6.5
£31	£16	Hartebeest R1	£31	+1½	†Q160c	1.7	3.3
£13¼	815	Kloof Gold R1	£13	+½	‡Q79c	2.2	‡
£17¼	875	Libanon R1	£17¼	+¼	†Q100c	2.0	3.7
£13¾	960	Southvaal 50c	£13¾	+½	Q9c	ϕ	0.4
475	340	Stilfontein 50c	470	+15	Q65c	1.3	8.9
£33¼	£21	Vaal Reefs 50c	£33¼	+¼	Q220c	1.7	4.3
£11½	650	Venterspost R1	£10¾	+¼	†Q75c	1.7	4.5
£55	£34	W. Drie R1	£55	+1	†Q400c	1.2	4.7
745	450	W'st'rn Areas R1	710	+30	Q70c	1.4	6.4
£23	£15	Western Deep R2	£23	+1	Q160c	ϕ	4.5
520	295	Zandpan R1	520	+25	†Q27c	1.0	3.3

O.F.S.

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
400	290	Fr. State Dev. 50c	400	+10	†Q12c	1.8	1.9
£32½	£21	F.S. Geduld 50c	£32½	+1	†Q310c	1.1	6.3
960	550	Harmony 50c	960	+30	Q77c	ϕ	5.2
575	320	Loraine R1	485	+35	Q12c	6.7	1.6
£28¼	£19½	Pres. Brand 50c	£28¼	+1¼	†Q245c	1.3	5.6
£25¾	£14½	Pres. Steyn 50c	£22¼	+¼	†Q135c	1.8	3.9
£39¾	£21½	St. Helena R1	£39¾	+¾	†Q230c	1.2	3.7
340	210	Unisel	314	+24	—	—	—
525	370	Welkom 50c	510	+25	†Q55c	1.6	7.0
£39¾	£27¼	W. Holdings 50c	£39¾	+1	†Q445c	1.1	7.2

FINANCE

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
490	313	Ang. Amer. 10c	490	+5	Q29c	2.0	3.8
£45	£27½	Ang. Am. Gold R1	£45	+1½	Q250c	1.4	3.6
£13¾	850	Ang-Vaal 50c	£13¾	.....	†Q75c	1.7	2.0
205	87	Charter Con.	194	−1	23.9	2.2	4.7
290	188	Cons. Gold Field	290	+10	t26.8	4.5	3.6
32	17	E. Rand Con. 10p	30	+2	9¼	ϕ	4.7
380	230	Geduld Inv. R1	380	.....	Q34c	0.4	5.8
£36½	27½	Gen. Mining R2	£36½	+1	†Q210c	2.1	3.7
£39	£24½	G. Fields S.A. 25c	£39	+1½	bQ190c	1.5	3.1
£25½	£11¾	Joburg Cons. R2	£25½	+½	†Q135c	2.3	3.4
455	260	Middle Wit 25c	455	+5	Q22c	ϕ	3.1
250	184	Minorco SBD1.40	250	.....	†Q30.2	1.1	‡
275	160	New Wit. 50c	275	+20	†Q14c	1.8	3.3
£10¾	760	Patino NV Fls.5	£10	−¼	ZQ40c	10.5	10.8
£10¾	730	Rand Selection 50c	£10½	+¼	+⅞	1.6	2.2
670	322	Selection Trust	655	.....	ϕ156	1.4	3.3
450	255	Sentrust 10c	445	+25	†Q23c	1.8	3.3
76	27	Silvermines 2½p	76xd	+10	a160	1.5	5.3
170	130	SW Africa 20p	160	+10	88¼	2.0	17.1
£14¼	10	Tvaal. Cons. Ld. R1	£14¼	+¼	†Q55c	2.5	2.5
475	250	U.C. Invest R1	470	.....	Q36c	1.2	4.9
555	390	Union Crp. 6.25c	553	+16	Q42c	1.6	4.9
£20	13½	Vereeniging R2	£20	+½	QR1.15	ϕ	5.7
78	30	Vogels 2½c	78	.....	Q6c	1.0	5.1

DIAMOND AND PLATINUM

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£31	£15¼	Anglo-Am. Inv. 50c	£31	.....	Q290c	1.0	6.0
93	48	Bishopsgate Plt. 10c	93	+1	‡Q8c	0.9	‡
310	161	De Beers Dl. 5c	310	+5	Q25c	2.2	5.2
£17	£11½	Do. 40pc Pf. R5	£17	.....	128.9p	125.5	42.9
128	80	Lydenburg 12½c	122	−4	Q13.9c	1.0	7.8
230	100	Pot. Plat. 2½c	220	−2	‡Q21c	1.0	‡
172	94	Union Plat. 10c	172	+2	‡Q20.4c	1.0	‡
167	95	Waterval 5c	167	.....	‡Q21.4c	1.0	‡

CENTRAL AFRICAN

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
345	198	Coronation 25c	265	.....	‡Q92c	1.4	‡
250	175	Falcon Rh 50c	210	.....	†Q55c	1.5	—
52	42	Globe Phnix 12½p	48	.....	10	—	4.7
24	15	Rho.-Corp. 16⅔p	19	−1	Q5	8.0	4.4
440	315	Roan Cons. K4	360	+20	‡Q95	1.3	‡
215	92	Tanganyika 50p	206	−4	Q26.4	2.5	6.4
70	60	Do. Pref. 80p	70	.....	Q9	35.4	4.0
33	26½	Wankie Col. Rh.1	32xr	.....	†Q12c	1.3	—
70	56	Zam. Cpr. SBD0.24	68	.....	Q17.3p	1.1	25.4

AUSTRALIAN

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
17	10	Acmex 25c	17	+1	—	—	—
137	96	A. M. and S. 50c	136	+2	Q14c	1.5	6.0
115	76	Bougainville 50c	115	+2	Q27½c	ϕ	13.5
242	152	BH South 50c	214	+5	‡Q13c	2.5	‡
215	155	Gold M. Kalg. $1	190	+20	—	—	—
50	36	Gt. Boulder 10c	46	+2	Q2c	ϕ2.8	2.5
134	76	Hamptn Areas 5p	134	.....	22.2	1.5	1.3
115	40	Metals Ex. 50c	45	+1	—	—	—
43	21	Metramar 20c	22	.....	—	—	—
232	117	M.I.M. Hlds. 50c	232	+6	sQ14c	2.1	3.4
116	88	M. Lyell 25c	116	.....	sQ7.5c	4.5	3.7
2¼	2	Newmetal 10c	2¼	.....	—	—	—
133	102	North B. Hill $1	133	+2	Q9c	1.5	3.8
16½	8	North Kalg. 30c	12	.....	—	—	—
75	47	Oakbridge $A1	68	+3	Q7	2.6	5.8
450	220	Pancont'l 25c	405	+50	—	—	—
25	9	Paringa M&Ex. 5p	18½	.....	—	—	—
360	235	Peko-Walls'd 50c	310	+10	Q15c	ϕ	2.8
540	395	Poseidon 20c	470	+10	—	—	—
3	2	Scamander 25c	2	.....	—	—	—
14	8	Vultan Min. 50c	9	−1	—	—	—
6	4¾	Westmex 10c	5	.....	—	—	—
199	137	W. Mining 50c	199	+6	Q8c	1.0	2.3
50	31	Whim Creek 20c	42	.....	—	—	—

TINS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
55	32	Amal. Nigeria	55	.....	†20.8	1.6	14.5
158	77	Ayer Hitam	157	.....	39.2	1.2	9.6
36	20	Beralt Tin	21	+1	—	—	—
424	268	Berjuntai SM2.5	415	.....	†QSM1.8	ϕ	7.8
17	13	Ex Lands 10p	17	.....	13.7	0.9	12.8
246	216	Geevor	220	.....	†74	2.3	12.9
18	11	Gold & Base 12½p	17	.....	6.7	1.6	8.1
268	157	Gopeng Cons.	263	.....	57	ϕ	8.2
73	55	Hongkong	73	.....	—	—	—
58	40	Idris 10p	58	.....	67	ϕ	17.8
11	7	Jantar 12½p	11	.....	—	—	—
60	43	Kamunting 15p	59	.....	†40	0.8	15.6
165	140	Killinghall	165	.....	48	—	11.2
192	106	London Tin 20p	192	.....	35	ϕ	5.6
192	93	Malay Dredging	192	.....	¢43.9	1.6	8.8
49	27	♦Pahang	46½xr	.....	†Gh12½	1.5	6.6
65	44	Pengkalen 10p	60	.....	70	1.0	18.0
95	75	Petaling SM1	92	.....	—	—	—
23	8	Saint Piran	16	.....	‡5.3	1.3	‡
125	68	South Kinta (10p)	123	.....	†82.5	0.9	10.6
150	73	Sthn. Malayan	148	.....	¢43.9	1.4	11.4
83	47	Sungei Besi 20p	83	.....	†27½	3.2	10.2
43	33	Sungei Way SM1	42	.....	ZQ10	—	4.2
84	48	Tanjong 15p	70	.....	29	ϕ	9.6
75	60	Tongkah Hb SM1	60	.....	‡Q30	1.3	‡
93	42	Tronoh	93	.....	16.1	ϕ	6.6

COPPER

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
86	56	Botswana RST R2	76	−2	—	—	—
390	196	Messina R0.50	375	+15	‡Q60c	2.9	‡

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
8	3	Burma Mine 17½p	8xd	.....	m0.5	—	1.7
56	17	Charterhall 5p	56	+1	—	—	—
115	75	Colby Mines $1	75¢	.....	—	—	—
730	360	Cons. Murch. 10c	700	.....	Q130c	2.2	12.0
53½	29½	Laurama	40½	+1	—	—	—
19	13	NBD $1	16	.....	—	—	—
375	200	Northgate C$1	325	.....	Q65c	1.0	8.6
211	80	R.T.Z.	199	−3	19.9	4.4	3.9
135	47½	Sabina Inds. C$1	110	+2	—	—	—
70	51	Stanford Mines 8	62	.....	—	—	—
£12½	875	Tara Expln. $1	£1[illegible]¼	+¼	—	—	—
75	38	Yukon Cons C$1	67	.....	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ∆ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights [illegible]. M Figures based on prospectus or other official estim[illegible] for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £285 per annum for each security.

FINANCIAL TIMES

Friday May 23 1975

Pensions will go up 15%

BY ERIC SHORT

THE GOVERNMENT is to increase old-age pensions by nearly 15 per cent. from the week beginning November 17—*the second rise this year and* the third since the Government was elected. The weekly retirement pension for a single person will be £13.30, compared with *the present £11.60. For a married* couple the new rate will be £21.20, against the present £18.50.

These increases were part of a package of improvements in social security benefits announced yesterday in the House of Commons by Mrs. Barbara Castle, Secretary fof Social Services. The rises in retirement pensions are in line with the *rise in the index of average* earnings from August 1974 to March 1975.

The Social Security Amendment Act 1974, which brought in the first pensions rise, introduced the principle of revaluation of pensions and other longterm *social security benefits in line* with national average earnings. The original intention was to do this *annually but the exception*ally high rate of inflation has resulted in more frequent increases.

Foreshadowed

When the Chancellor of the Exchequer announced in November the increase for April 7 he foreshadowed a further rise next *December. This has been brought* forward by one month. Mrs. Castle also indicated that the intention was to return to annual reviews when inflation was brought under control.

The new increases do little more than maintain the status *quo of pensions with average* earnings. Present average earnings are £54 per week, and the new pension for a married couple is 39 per cent. of this—a statistic that has not changed much from the level at previous upratings.

If earnings continue to rise at an annual 25 per cent., by November, when the new pensions rates become payable, married couples the level as a proportion of NAE will have slipped to about one-third.

Widow's pensions, invalidity benefits, widowed mothers' allowance and other long-term benefits are to be increased by the same amount to reflect the change in national average earnings over the periods.

Short-term benefits for sick*ness and unemployment will*, however, be increased in line with the movement of prices over the corresponding period. This has lagged behind the change in earnings, the increase being slightly over 13 per cent. These weekly rates for a single *person will go up by £1.30 to* £11.10 and by £2.10 to £18 for a married couple.

The Supplementary Benefits Commission is to make substantial increases in discretionary additions for extra heating, to take effect at the same time.

This will take account of increased fuel costs. The Government will also start the new noncontributory invalidity pension payable to persons other than *d'sabled housewives to coincide* with the pension increases.

The cost of these benefit increases will be £395m. in the current financial year and £1.06bn. in a full year, of which £910m. would be chargeable to the National Insurance Fund. *Mrs. Castle could not state* whether NI contribution rates would be affected—but a review is to be undertaken during the summer in accordance with the 1974 Act.

Editorial comment. Page 20

Insurance protection Bill clause dropped

BY JUSTIN LONG

THE GOVERNMENT last night reluctantly agreed to drop—pending further discussion—one of the most controversial clauses from the Policyholders' Protec*tion Bill.*

The clause, regarded as "essential" by Ministers, would enable the proposed Policyholders' Protection Board to pro*vide funds to rescue insurance* companies in difficulties.

The decision to delete the clause—in the hope that it would be possible during the passage of the legislation through Parliament to get agreement on an amended version — was announced *in the Lords by Lord* Beswick, Minister of State for Industry.

The Bill, which last night completed its committee stage, has *yet to be passed through the* Commons, so there would be amnle time for its modification.

Urging the scrapping of the disputed clause, Lord Aberdare, deputy leader of the Opposition, said that almost every speaker in the debates had considered it *undesirable.*

He maintained that it went far beyond the limited objective which the Bill was meant to fulfil. The Bill provides for a *compulsory levy on the insurance* industry to ensure that policyholders do not suffer severe losses when a company fails.

Taking risks

Lord Aberdare said there was wide sympathy for the Government's main aim of ensuring a measure of consumer protection But protection should not be afforded to corporate bodies, paid creditors or even shareholders, be contended.

The Opposition felt that some companies would be encouraged to offer policies at a cut-rate and wit hincreased benefits—running commercial risks in the knowledge that there was a "longstop," *which would come to their* rescue in the event of difficulties.

Lord Beswick said the Government regarded the controversial clause as an essential feature in *the interests of both policy*holders and the whole industry.

There was no reason to suppose that rescues would become standardised procedures. Indeed, *there were reasons to believe the* powers would be used only sparingly. They would only be used where it was in the interests of policyholders.

More help needed for motor cycle industry—Poore

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

ANOTHER £30m.-£40m. of Government finance to secure *the long-term future of the motor* cycle industry is likely to be asked of Mr. Anthony Wedgwood Benn, Industry Secretary, who has called tripartite talks with *management and unions.*

Norton Villiers Triumph has warned Mr. Benn that the recession in the U.S., to which 70 per cent. of production has *been going, is so deep and* Japanese competition so severe that it is having to plan for a three-day working week and possible redundancies after the summer holidays at the latest.

The industry now includes the Meriden motor cycle co*operative, established in Feb*ruary at a factory near Coventry. It was bought from NVT, which under Government arrangements has contracted to sell the cooperative's output for two years.

The last Conservative Government established NVT after the *collapse of BSA with an injec*tion of £4.8m. The Meriden co-operative was provided with nearly £5m. and at the same time NVT received a guarantee of £8m. of export finance.

When the NVT Board met yesterday it expressed the view *that there could be no long-term* future for a three-factory industry without a further major investment. Some £30m. to £40m. would be needed if the industry was to introduce new models which *would sell in sufficient* quantities to keep all the factories going. (They are the NVT factories at Birmingham and Wolverhampton and the Meriden *co-operative.*)

Referring to the world-wide recession in the market, the NVT Board said it could not spend scarce resources to fight through *the present situation.*

It was prepared to hold employment at present levels until *after the summer holidays unless* there was a worsening of the situation. After that, unless there was government help, a three-day week would be introduced, with *possible* redundancies and closure of some operations.

The board also deferred the appointment of Mr. Hugh Scanlon, the engineering union leader, as a *part-time member, until he* had met the chairman, Mr Dennis Poore.

Afterwards Mr. Poore, who has consistently maintained that a three-factory operation would require *substantially* more Government money, explained that the Japanese still had about six months' stock of competitive machines in the U.S. which they *were selling at less than $1,600* (down from $2,200) compared with the $2,895 recommended retail price of NVT machines.

£14m. State aid for W & C French

BY STEWART FLEMING

THE GOVERNMENT is making available up to £14m. in grants and loans to W. and C. French (Construction), one of the *country's largest motorway con*tractors, to prevent the company becoming technically insolvent and the ensure the completion of some £40m. of outstanding road contracts.

This was announced by Mr. Fred Mulley, Minister for Trans*port, in the Commons yesterday.* The terms of a proposed loan of £4.5m. could result in the Government ending up with a 28 per cent. stake in the company's *quoted parent company, French* Kier Holdings, after December ', 1976, when conversion rights on the loan become operative. The rest of the proposed aid is made up of grants.

Mr. John Mott, chairman of the holding company, emphasised *yesterday that financial assist*ance for W. and C. French had been made available under the terms of section 235 of the Highways Act through the Department *of the Environment*, and not under the Industry Act. The Industry Act is administered by *the Department of Industry* where Mr. Anthony Wedgewood Benn is Minister.

Mr. Mott also revealed that the company first received direct *help from the Government in* November of last year when a grant of £3.5m. was made, conditional on a report by independent accountants. Some of the grant has been drawn. Mr. Mott defended the company's decision not to tell shareholders of this arrangement when it produced interim results showing a £2.4m. pre-tax loss on November 28, *arguing that the interim figures* were unaudited and that W. and C. French derived the bulk of its revenue from the Government anyway.

French Kier Holdings yesterday reported preliminary figures for the year to December 31, *1974, showing a group loss before* tax of £2.9m., but this is struck after crediting the Government grants of £9.5m. Mr. Mott attributed the whole of the *actual and prospective losses on* the motorway and trunk road contracts to the W. and C. French side of the business.

Most of the contracts on which the losses were being made were entered into before W. and C. French made an agreed bid for *J. L. Keir in September, 1973*, he said.

Conditions

Questioned about the terms on which the Government could acquire a 28 per cent. stake in the holding company, Mr. Mott said this agreement related to the £4.5m. loan which the Government had made available over and above the £9.5m. of *grants.* The Department of the Environment would have the right to convert any outstanding drawings on this loan on the agreed terms after December 1976.

Men and Matters, Page 20

THE LEX COLUMN

The issue raised by French Kier

The statement from French Kier leaves shareholders and taxpayers with a string of unanswered questions. The group now says that its liquidity crisis has been apparent since *the middle of 1974, and that the* Department of the Environment handed over a £3½m. ex gratia grant around the time of the interim statement last November. *Further Govern*ment payments of £3¾m. were subsequently authorised.

Although the shares dropped *to 5p at one stage of the winter,* none of this material information had been disclosed until yesterday. The statement accompanying the interim losses *simply reported that* "important negotiations very recently concluded give us confidence that the future of the company is secure."

The group has now published pre-tax losses of £2.9m. for 1974. This is *after* crediting ex gratia grants which have now risen to *£9½m., and profits of £2½m.* from the still-flourishing Kier business. Even without its road building losses and a £1.8m. write down on development land, the rest of the French side would have been in the red. No balance *sheet details have been* disclosed yet, but 1974's interest payment of £4.8m. implies formidable gearing when set against current shareholders' funds of roughly £19m.

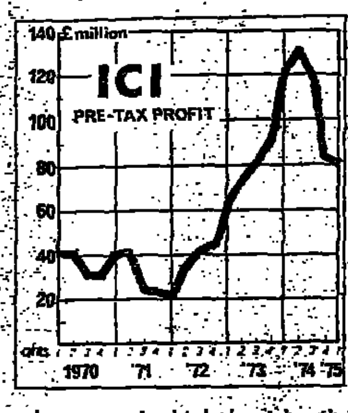
If the eventual loss on the contracts is *less than currently* forecast, the group has to return *only half* the saving to the Government — which is apparently seen as some kind of performance incentive. In addition, the Government is to provide a loan of up *to £4¼m.* which will bear interest just one *point above the rate available* from the group's bankers, and which will be convertible at par (25p) against a current price of 10½p. Although the entire group is currently capitalised at under £5m., the maximum Government *shareholding will be 28 per cent.* This arrangement, according to Mr. Mulley, is the most cost effective way of ensuring the completion of French's outstanding road programme, which totalled £40m. at the beginning of March.

Finally, this debacle demonstrates the fallibility of the City. Kier's shareholders were *advised by their merchant* bank to accept this merger in the autumn of 1973. The group's 1973 accounts, which provided for "estimated losses on current contracts," were in no way qualified.

Index fell 1.8 to 349.7

ICI

ICI's U.S. registration statement filed a month ago with the SEC said that first quarter income would be "somewhat" lower *than the* £82m. pre-tax and grants recorded for the final quarter of 1974, which led the *market to expect something in* the £70m. area: the outturn of £80m. thus put the *shares* 7p higher at 281p. The group benefited from a relatively strong performance in the U.K. Domestic sales rose a little as price rises more than offset a slight volume decline, while exports from the U.K. were broadly unchanged with higher prices—no doubt helped by the decline in sterling—countering the volume setback here. *But* in overseas manufacturing (39 *per cent. of group sales*) the 5 per cent. fall in sales against October - December apparently reflects the volume trend fairly accurately, and the overseas tax charge fell.



Compared with the first *quarter of 1974, of course, the* picture is much less favourable, with pre-tax profits a third lower. Fibres and plastics have been the weakest areas: tax paid by associates, mainly reflecting the stake in Fiber Industries Inc., was *just £1m. against £8m.* a year ago. At present it looks fairly certain that ICI's profits will continue to trend downwards at least until the seasonally weak third quarter. From then on the refilling of stock pipelines — already *visible in* U.S. fibres—should work in favour of the international chemical majors. For 1975 a reasonable target before tax and grants might be £320m. (against £455m.) suggesting a p/e of around 7.5, *but the market is* starting to look for something much more appetising in 1976. Meanwhile it is worth noting that the inflation adjustment cuts no less than 62½ per cent. off first quarter profits.

See also Page 23

Trafalgar House

Trafalgar House's 9 per cent. pre-tax rise to £9.8m. in the six months to March hides a much *bigger jump in its trading opera*tions. The gain accelerates to 48 per cent. after excluding profits on ship and land disposals and adding back a £500,000 provision against building land. The powerhouses are contracting, *where* profits have doubled to £3.7m. before interest, and the shipping/hotels division which is £1.7m. up at £4.4m. before ship sales. Hotel losses are even bigger than *they were a year* ago. But the QE2—which had a breakdown costing £700,000 last year—has had a profitable cruising season, the container business has done well, and Trafalgar has a limited exposure to the *tanker slump.*

So current year targets can be increased a shade to perhaps £22m. excluding disposals, and next year's sources of momentum are already clear. In particular, construction orders have *roughly doubled* to £300m. over the past 18 months. Much of the profits growth to date has come from the rundown of fixed price contracts in the U.K., and the overseas side only contributed about £700,000. But about *half* the outstanding workload is now overseas. The housing recovery has yet to come, Trafalgar suggests that its shipping profits can be maintained, and year-end borrowings should be rather lower. All this is adequate explanation for a market capitalisation of around £140m. at 117p: earnings to date are just over 5p per share.

See also Page 32

Town and City

Town and City's £25m. funding package comes at a time when the programme of pro*perty disposals is getting under* way again after a sticky patch. So the de-gearing problem is being tackled from two sides, with further sale-and-leaseback *help coming from the Pruden*tial, which may explain why it is only taking up £10m. of the Convertible against Barclays' £15m. But the still grim earnings and dividend prospects have ruled out a rights issue.

Mrs. Thatcher fails to spell out policy

BY JOHN BOURNE, LOBBY EDITOR

CONSERVATIVE MPs, who had been hoping for a stirring, constructive speech from Mrs. Margaret Thatcher, in yesterday's much-heralded economic debate, were disappointed last night. "Not up to standard—too many statistics and not enough thought," was perhaps the kindest comment one of them made.

The main complaint was that the debate—which their party leader had demanded—gave neither MPs nor the country any coherent picture of what a Con*servative Government would do*, in specific terms, to deal with what Mrs. Thatcher, echoing Mr. Wilson's words, called "the gravest economic crisis since 1931."

Indeed, for the House, the main interest was the Prime Minister's announcement that he would to-day make a statement about the action proposed by the Government to give direct help to the textile industry " now in its *most violent depression*" since the 1930s.

He refused to be drawn, except to say that the action would not include controls over textile imports.

Some Conservatives said last night that perhaps Mrs. Thatcher's first instinct, which had been not to take part at all because of other engagements, *had been the right one. They* thought so, because when she had asked for the debate, the pound had been on the slide.

Mr. Wilson had called her "the reluctant debutante." Privately, some Tories grudgingly accepted this description on the ground that *she and her research and* policy adviser, Sir Keith Joseph, have not yet had time to complete their "re-think" of Opposition economic policy.

Labour MPs were, of course, delighted with Mrs. Thatcher's performance. The Prime Minister, obviously expecting something of the sort, did not make a heavyweight economic speech.

The main part of Mr. Wilson's *speech was an attack on* "the disunity of the Conservatives;" the high cost to public expenditure of their proposals made during the last general election; *and the need for Mrs. Thatcher* and her "mentor—Svengali or Rasputin" Sir Keith, to get their head stogether and agree on something—if only to reach the same judgment about yesterday's unemployment figures.

Parliament, Page 12

Councils 'luring company staff'

HIGH WAGE awards to local authority staffs have adversely affected industry in the North, the *region's* Confederation of British Industry protested yesterday.

Mr. David Grant, the regional chairman, said more and more junior management and professional men were leaving industries for better paid jobs with councils. In some cases higher public sector pay had resulted in companies losing a whole department. Most affected were accountants, draughtsmen, economists and statisticians.

£25m. cash support for Town & City

BY MARGARET REID

TOWN AND CITY Properties, the large property group which incurred a loss in the trading year just ended, is to receive a £25m. cash injection from Barclays Bank and Prudential Assurance, both of which already *have close links with it.*

The money is to be put up against a further issue of the company's 8-14 per cent. convertible loan stock, £15m. of which will be subscribed by Barclays Bank, its main clearing bank. Another £10m. will be subscribed for by the Prudential, which has also agreed to provide further long-term monies in respect of Town and City's committed development programme, on terms to be agreed.

Town and City, whose chairman is Mr. Jeffrey Sterling, was much enlarged by the take-over of Central and District Properties from Keyser Ullmann in *1973* for £97m., and the acquisition of Sterling Guarantee Trust in 1974 for £34m. Its assets following these deals were put at more than £600m. and its borrowings at £343m.

In the troubled climate which has prevailed in the property market for many months now, the policy has been to dispose of certain properties to reduce borrowings. Up to last February, some £83m. of such sales had been made, some to the *Prudential.*

However, substantial development projects remain to be completed and it is clear from yesterday's statement that the *Prudential, which has for a con*siderable time participated as a partner, will continue to back Town and City against the recent loss-making background.

In the half-year to September 30, 1974 Town and City incurred a pre-tax loss of £5m., compared with a previous profit of £3.4m. It is now known that this loss continued into the second half and that results in the current year will not allow the payment of normal dividends.

Prudential Assurance has a share stake of 3½ per cent. in Town and City and an existing £1m. of convertible loan stock. Its equity holding would still be under 10 per cent. if all its convertible stock were converted.

Continued from Page 1

Jobless

This would be given to empolyers offering to "defer planned redundancies" in situa*tions where there was an early* prospect of a recovery.

But the amendment to the Employment Protection Bill embodying this scheme has still *to be drafted, and the Bill itself* is making very slow progress through committee.

In the face of TUC pressure Ministers may well consider some other method such as an amendment to the Finance Bill, or a special measure on its own.

The crucial question of how much the Chancellor is prepared to *earmark for the scheme has* still to be answered. Nor is there any further information about how local officials could make sure that notified redundancies would actually have taken place.

Other important problems are how to prevent the scheme from becoming a subsidy to labour hoarding, and how to prevent *the subsidy from being added* on to wages and thus delaying the corrective forces normally wrking in a recession.

Redundancies notified officially *in the first four months of 1975* amount to 90,000, the highest figure since 1971.

Mr. Len Murray, TUC general secretary, said the unemployment figures were very *worrying.* "By the end of the year they could on present trends, exceed the million mark."

● A warning that the official unemployment figures include a large number of people "who are not unemployed in the usual sense of the word" was issued yesterday by the Centre for Policy Studies, a body founded by Sir Keith Joseph to further "social market policies."

The Centre regards 412,000 as a better "informed estimate" of the unemployed than the official figure. It deducts from the U.K. figure over 200,000 "unsuited to regular work," 189,000 for "people between jobs" and 50,000 for occupational pensioners.

Because of the established under-recording of vacancies, the Centre also argues that the true number of unfilled vacancies is more like 410,000 than the official figure.

State sets out role in N. Sea

BY ADRIAN HAMILTON

THE GOVERNMENT has finally put forward firm negotiating proposals detailing the lines on which it would like to achieve participation in North Sea oil fields at "no financial loss" to the companies concerned.

The proposals, in the form of a paper outlining the Government's ideas and quoting hypothetical examples with figures for company revenue and Government repayments for its share of output, have been presented to a number of companies, including BP, Burmah and Gulf, in *exploratory talks this week at* the Department of Energy.

The general principle of the offer would appear to rest on the repayment to the companies from the proposed National Oil Account of an annual sum based on their net take from production after PRT, royalties, etc.

This would be designed to compensate them fully for the loss of expected income from the 51 per cent. ownership given up to the State. But from it would be *deducted any stake share of the* capital expenditure, which would be treated like a loan with a banker's rate of return and additional recompense to the *state for any risk.*

Dhile apparently generous to *the companies and costly to the* Government, the really essential point of the offer—and the point which will define the company's response—will be the details of *how their net take after tax is* defined for repayment purposes.

No indication of this has yet been revealed.

The talks, nevertheless, mark the first hard negotiations on participation since the issue was first discussed with companies over the winter and the first time that the Government has really revealed its hand on the possible terms of its initial no financial *loss offer.*

On the development side, construction of the Thistle platform to be built at Laing-ETPM's facility at Graythorp, Teesside, is now reported to be as much as three to four months behind schedule because of steel delivery problems.

If true, the delay could mean that the platform, originally due to be installed on the field in *April of next year, could slip back* towards June or July and possibly delaying start-up of production to late 1977 or early 1978.

North Sea Oil Review Page 17

Further voice against direction of funds

THE STOCK EXCHANGE's *opposition to any Government* attempt to direct institutional investment will be explained to the National Association of Pension Funds at their conference in Scotland later this week.

Mr. James Dundas Hamilton, deputy chairman of the Stock Exchange, will be putting *its* view to the conference and pointing out the objections to compulsion, which, he says, does not solve the problem of deciding where the funds ought to go.

He will also be defending the effectiveness of the Stock Market as a capital-raising market, and stressing that £550m. has been raised for companies this year on the new issue market.

In a letter published in the Financial Times to-day, Mr. Hamilton amplifies his remarks reported yesterday on the wealth tax and its relation to the taxation of capital gains.

Mr. Hamilton's letter, Page 29

Weather

U.K. TO-DAY

SUNNY intervals, perhaps showers in E. Mainly dry, some sun in W. and N. Ireland. Cool.

London, S.E., Cent. S. and S.W. England, Midlands, Channel Is., S. Wales

Dry, sunny intervals. Wind N., light. Max. 14C (57F).

E. Anglia, E. and N.E. England

Sunny intervals, perhaps *showers.* Wind N.W., moderate or fresh. Max. 13C (55F).

N. Wales, N.W. and Cent. N. England, Lakes, Is. of Man, S.W. and N.W. Scotland, Glasgow, Argyll, N. Ireland

Dry, sunny intervals. Wind N., *light or moderate.* Max. 13C (55F). Some slight frost.

Borders, Edinburgh and Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. Scotland

Sunny intervals, occasional showers. Wind N., moderate or fresh. Max. 11C (52F). Some slight frost.

Orkney, Shetland

Sunny, *intervals, occasional* showers. Wind N., fresh or strong. Max. 7C (45F).

Outlook: Little change.

Lighting-up: London 21.25, Manchester 21.43, Glasgow 22.05, Belfast 22.05.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Alexandria	S	24	75	Madrid	F	22	72
Amsterdm.	C	10	50	Manchstr.	C	11	52
Athens	S	24	75	Melbourne	C	19	67
Bahrain	C	23	73	Milan	F	15	59
Barcelona	S	20	68	Montreal	S	23	73
Beirut	F	23	73	Moscow	F	21	70
Belfast	S	11	52	Munich	C	15	59
Belgrade	S	27	81	Newcastle	C	7	45
Berlin	C	11	52	New York	C	20	68
Birmghm.	C	10	50	Oslo	C	13	55
Bristol	C	12	54	Paris	S	15	59
Brussels	S	12	54	Perth	S	15	59
Budapest	C	17	63	Prague	F	13	55
B. Aires	S	19	67	Reykjavik	S	8	46
Cairo	S	27	81	Rio de J'o	S	24	75
Cardiff	F	14	57	Rome	S	24	75
Cologne	F	11	52	Singapore	S	31	88
Copnhagn.	C	9	48	Stockholm	C	11	52
Dublin	S	11	52	Strasbourg	F	16	61
Edinb'gh	C	11	52	Sydney	S	22	72
Frankfurt	F	12	54	Tehran	S	31	88
Geneva	R	15	59	Tel Aviv	S	23	73
Glasgow	F	12	54	Tokyo	S	21	70
Helsinki	C	8	46	Toronto	F	20	68
H. Kong	C	25	77	Vienna	F	20	68
Jo'burg	S	21	70	Warsaw	C	17	63
London	C	11	52	Zurich	C	19	66
Luxembrg.	F	12	54				

HOLIDAY RESORTS

Ajaccio	T	19	66	Las Plms.	S	23	73
Algiers	R	19	66	Locarno	C	21	70
Biarritz	F	20	68	Luxor	S	38	100
Blackpool	F	11	52	Majorca	S	22	72
Bordeaux	S	23	73	Malaga	F	22	72
Boulogne	C	9	48	Malta	S	24	75
Casablnca.	S	20	68	Nairobi	S	21	70
Cape Tn.	S	21	70	Naples	S	24	75
Corfu	F	23	73	Nassau	S	28	82
Dubrovnik	F	25	77	Nice	C	19	66
Faro	C	15	59	Oporto	F	19	66
Florence	F	26	79	Rhodes	S	26	79
Funchal	F	20	68	Salzburg	F	19	66
Gibraltar	F	22	72	Tangier	R	18	64
Guernsey	S	12	54	Tenerife	C	18	64
Innsbruck	F	21	70	Tunis	C	22	72
Inverness	R	9	48	Valencia	F	22	72
Istanbul	S	23	73	Venice	F	23	73
Jersey	S	14	57				

S—Sunny. C—Cloudy. F—Fair. R—Rain. T—Thunderstorm

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